



THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION  
REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE  
FINANCIAL YEAR ENDED 30 JUNE 2022

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AR/PAD/TIRDO/2021/22

## 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

### Vision

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

### Mission

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

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

### Core values:

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

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

### We do this by:

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

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

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## ABBREVIATIONS

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
PAA	Public Audit Act
PAR	Public Audit Regulation
PAC	Public Accounts Committee
LAAC	Local Authorities Accounts Committee
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations
COSTECH	Tanzania Commission for Science and Technology
ICT	Information Communication Technology
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PSSSF	Public Service Social Security Fund
TFRS	Tanzania Financial Report Standard
TIRDO	Tanzania Industrial Research and Development Organisation
NAO	National Audit Office
URT	United Republic of Tanzania

## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman,  
Tanzania Industrial Research and Development Organisation (TIRDO),  
P.O. Box 23235,  
Dar es Salaam

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the financial statements of Tanzania Industrial Research and Development Organization (TIRDO), which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Industrial Research and Development Organisation as at 30 June 2022, 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 Industrial Research and Development Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Key Audit Matters

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

#### Other Information

Management is responsible for the other information. The other information comprises the Report of the Chairperson of the Governing Council, statement of responsibility by those charged with governance, 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.

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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;

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- 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, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.



**1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

**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 procurement of works, goods and services in the Tanzania Industrial Research and Development Organization for the financial year 2021/22 as per the Public Procurement laws.

**Conclusion**

Based on the audit work performed, I state that procurement of goods, works and services of Tanzania Industrial Research and Development Organization is generally in compliance with the requirements of the Public Procurement laws in Tanzania.


**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 the Tanzania Industrial Research and Development Organization for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

**Conclusion**

Based on the audit work performed, I state that Budget formulation and execution of Tanzania Industrial Research and Development Organization is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

  
Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March, 2022



## 2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022

In compliance with the Establishment Act of the Organisation, the Public Corporations Act, 1992 and the Tanzania Financial Reporting Standard (TFRS No 1) on the Annual Director's Report, the Councillors submit their report together with Financial Statements of the Organisation for the year ended 30 June 2022.

### 2.1 LEGAL STATUS AND OWNERSHIP

TIRDO is a body corporate established in 1979 under the TIRDO Establishment Act No. 5 of 1979 which came into operation on 1 April 1979. The entity is a parastatal Organisation wholly owned by the Government of URT through the Ministry of Industry and Trade.

### 2.2 CORPORATE PROFILE

#### 2.2.1 Vision and Mission

##### Vision

High quality, environmentally friendly and demand driven research institution with outputs resulting to competitive industry.

##### Mission

To support the development of competitive and green industries through quality research, technologies development and professional technical support services.

#### 2.2.2 Principal Activities

The principal functions of TIRDO include:

- a) To carry out and promote the carrying out of applied research designed to facilitate the evaluation, development and use of local materials in industrial processes;
- b) To research into local and foreign industrial techniques and technologies, and evaluate their suitability for adaptation and use in industrial production;
- c) To promote or provide facilities for training personnel in carrying out scientific and industrial research;
- d) To operate documentation systems to disseminate information on applied research;
- e) To provide technical services for industrial development; and
- f) To provide technical capacity to mitigate industrial pollution.

#### 2.2.3 Financing Structure

The Organisation is mainly funded by Government subventions allocated annually by Parliament of the URT. The Organisation also generates own revenue from leased properties and fees from carrying out research and consultancy activities related to the development of the industrial sector both in the public and private sectors.

## 2.3 CORPORATE GOVERNANCE

TIRDO Governing Council consists of eleven members. Apart from Director General who is the Secretary of the Council, no other member holds executive position in the Organisation. The Council is responsible for the performance of functions and management of the affairs of the Organisation which include responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and review the performance of plans and budgets. The Council is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and compliance with sound corporate governance principles.

In accordance with the TIRDO Establishment Act, The Council is required to meet at least four times a year. The Council delegates day to day management of the Organisation activities to the Director General assisted by senior management. Senior Management is invited to attend Council meetings and facilitate the effective control of all the Organisation's operating activities, acting as the medium of communication and coordinating all various departments and divisions.

The Organisation is committed to the principles of effective corporate governance. The Organisation has a documented code of ethics which is communicated to everyone in the Organisation and all employees abide by. The Councillors also recognize the importance of integrity, transparency and accountability.

### 2.3.1 Composition of the Governing Council

The members of the Governing Council of TIRDO, who are currently serving the Organization since, 18<sup>th</sup> October 2022, are presented in the table below.

Table 1: Governing Council Members

S/N	Name	Position	Academic Qualification	Nationality	Age
1.	Eng. Bashir Juma Mrindoko	Chairperson	MA Engineering	Tanzanian	68
2.	Prof. Mkumbukwa M.A. Mtambo	Secretary/DG	PhD in Veterinary Medicine	Tanzanian	63
3.	Prof. Maulilio John Kipanyula	Member	PhD in Bioscience and Biotechnology	Tanzanian	48
4.	Dkt. Mwansule Wilson Lugano	Member	Ph.D. (Energy Engineering);	Tanzanian	57
5.	Prof. Sylvester M. Mpanduji	Member	PhD in Agricultural Engineering	Tanzanian	61
6.	Dkt. Amos Muhunde Nungu	Member	PhD in Telecom. Systems	Tanzanian	47
7.	Dkt. Abdulla Rashid Abdulla	Member	PhD Industrial Economics	Tanzanian	50
8.	Ms. Rhobi Daniel Satima	Member	Master of Business Administration; CPA(T)	Tanzanian	47
9.	Mr. Peter Alanambula Ilomo	Member	Master of Economic	Tanzanian	67
10.	Mrs. Christine Florence Kilindu	Member	BSc (Hons) in Management	Tanzanian	78

The Council is required to meet on quarterly basis each year.

### 2.3.1.1 Finance and Audit Committee (FAC)

The Finance and Audit Committee is an oversight body of the Council for the Organization designed to improve the Organization's overall governance framework.

Finance and Audit Committee composition follows the guidance of Public Finance Act 2001 and its regulations as amended from time to time. The Finance and Audit committee is a Council's subcommittee which comprises of five members, four of whom are non-Executive members while one is Executive member (Director General). It is regulated by specific terms of reference and meets four times during a year. The committee meets the internal audit division to review inter alias, accounting, auditing, internal control, financial reporting matters and the published Financial Statements of the Organization. The external auditors and internal auditors have unrestricted access, at all times, to the audit committee.

**Table 2: Finance and Audit Committee Members**

S/N	Name	Position	Academic Qualification	Nationality	Age
1.	Ms. Rhobi Daniel Satima	Member	Master of Business Administration; CPA(T)	Tanzanian	47
2.	Prof. Mkumbukwa M.A. Mtambo	Secretary/DG	PhD in Veterinary Medicine	Tanzanian	63
3.	Prof. Maulilio John Kipanyula	Member	PhD in Bioscience and Biotechnology	Tanzanian	48
4.	Bwn. Peter Alanambula Ilomo	Member	Master of Economic	Tanzanian	67
5.	Bi. Christine Florence Kilindu	Member	BSc (Hons) in Management	Tanzanian	78

### 2.3.1.2 Technical Programmes Committee (TPC)

The Technical Programmes Committee, like the Finance and Audit Committee is an oversight body of the Council designed to improve the Organization's overall performance framework. Technical Programmes Committee comprises of five members, four out of which are non-Executive members and the Director General. Also, it is regulated by specific terms of references and meets four times a year. The committee is responsible for the assessment and approval of the strategy for the Organization, including implementation of Strategic Plan.

**Table 3: Technical Programmes Committee Members**

S/N	Name	Position	Academic Qualification	Nationality	Age
1.	Prof. Sylvester M. Mpanduji	Chairperson	PhD in Agricultural Engineering	Tanzanian	61
2.	Prof. Mkumbukwa M.A. Mtambo	Secretary/DG	PhD in Veterinary Medicine	Tanzanian	63
3.	Dkt. Mwansule Wilson Lugano	Member	Ph.D. (Energy Engineering);	Tanzanian	57
4.	Dkt. Amos Muhunde Nungu	Member	PhD in Telecommunication Systems	Tanzanian	47
5.	Dkt. Abdulla Rashid Abdulla	Member	PhD Industrial Economics	Tanzanian	50

### 2.3.2 Management

At the apex of the Organisation is the Governing Council whose Chairman is appointed by the President of the United Republic of Tanzania and its members are appointed by the Minister for Investment, Industry and Trade. The composition of the Council includes Government officials, business community, industrialists and academia. The Chief Executive Officer of the Organisation is the Director General who is appointed by the President. The structure consists of five Departments by Directors namely:

- Engineering Development
- ICT and Technology Development
- Industrial Research
- Human Resource and Administration
- Finance.

Under the Departments, there are twelve operating Divisions and in the office of the Director General there are three staff Units. Each Division is responsible for its functional activities including technology development and provision of technical services. The Corporate Services Unit does the extension services, information management and marketing. Centralized services cover Finance, Human Resources Development, Planning, Legal and Administration.

### 2.4 STRATEGIC STRENGTHS AND LINKS

TIRDO is the only Government owned organisation mandated to carry out strategic research and development activities as a public good and the findings of which are to facilitate effective and efficient industrial production processes. The Organisation enjoys both international and national links in the conduct of its activities which include: -

- The World Association of Industrial Technology and Research Organisation (WAITRO); and
- The Commission on Science and Technology for Sustainable Development of the South (COMSATS).
- The Southern African Development Community Accreditation Services (SADCAS).

TIRDO is also associated with the following Organisations:-

- World Intellectual Property Organisation (WIPO)
- International Atomic Energy Agency (IAEA)
- Council of Scientific and Industrial Research (CSIR)
- United Nations Industrial Development Organisation (UNIDO); and locally
- The Commission for Science and Technology (COSTECH).

### 2.5 COMMERCIAL AND OPERATIONAL RISKS

#### 2.5.1 Risks

TIRDO's Council identified key commercial and operational risks that face the Organisation towards achieving its mission and objectives that include: -

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- a) Inadequate and unreliable resources and insufficient funding required for developing and implementing research and development programs and to fulfil the mandate of TIRDO;
- b) A rapid progress of science and technology and diffusion of technological innovations in industries;
- c) Absence of a strong private sector that appreciates the contribution of research and development and is willing to support and adopt local innovations, which is a major hurdle for technology transfer pathway; and
- d) Competition in the research and development business is intense and increasing, both from local and international research and development institutions and individuals; and
- e) Strengthening of the procurement management and financial management units to better enhance budgetary controls, risk management, and monitoring and evaluation of performance.

**2.5.2 Financial Risk Management Objectives and Policies**

To ensure its financial stability and profitability, TIRDO has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed. The Organisation's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance. A summary of the risk management objectives and policies are also disclosed in the notes to the Financial Statements.

**2.6 AN OVERVIEW OF THE FINANCIAL PERFORMANCE FOR THE YEAR 2021/22**

In recent years, the Organisation's financial performance has not been satisfactory including the year under review. With the assistance of the Government, the Council is poised to address this situation in the short term. The summarized comparative financial performance for the two years ended 30 June 2022 is shown in Table 4.

**Table 4: Condensed two years comparative financial performance**

Narration	2021/22 TZS	2020/21 TZS	Performance Change in %
<b>Government Grants</b>			
Personnel Emoluments Grant	2,261,697,240	2,163,327,901	5%
Development Funds	1,742,928,364	47,333,195	3,582%
Industrial Mapping	450,000,000	54,000,000	733%
Other Charges Grant	Nil	Nil	
Other Grants	529,709,779	267,563,021	98%
<b>Total Grants</b>	<b>4,984,335,383</b>	<b>2,532,224,117</b>	<b>97%</b>
<b>Own Revenue</b>			
Rentals	781,399,622	740,361,708	6%
Research & Consultancy	1,175,175,097	1,584,858,224	-26%
Other Income	14,077,346	75,660,474	-81%
<b>Total Internally Generated Revenue</b>	<b>1,970,652,065</b>	<b>2,400,880,406</b>	<b>-18%</b>
<b>Total Revenue</b>	<b>6,954,987,448</b>	<b>4,933,104,523</b>	<b>41%</b>
Total Expenses Excluding Depreciation	5,120,833,243	4,571,328,799	12%
Operating Surplus/(Deficit)	1,834,154,205	361,775,724	407%
Depreciation	570,681,288	522,009,953	9%
<b>Surplus/(Deficit) for the year</b>	<b>1,263,472,917</b>	<b>(160,234,229)</b>	

Source: Audited Financial Statements for the respective years

## 2.7 THE ANNUAL REVENUE BUDGET PROPOSAL SUBMITTED TO THE MINISTRY OF INVESTMENT, INDUSTRY AND TRADE FOR APPROVAL

The budget estimates of Government subventions and internally generated revenue proposed by the Council and the amounts approved by the Parent Ministry are summarised in Table.

Table 1: Budget Estimates Proposed to Ministry of Investment, Industry and Trade (MIT) and the Estimates Approved for Year 2021/22

Revenue Item	Proposed Budget Estimate TZS	Approved by MIT Budget Estimate TZS	(%) of Original Proposal Estimate
<b>Government Grants</b>			
Personnel Emoluments	3,061,028,000	1,908,072,000	62%
Other Charges	1,950,803,000	Nil	0%
Development Grant	11,525,519,000	1,850,000,000	16%
Research Grant	616,052,000	600,000,000	97%
<b>Total Grants</b>	<b>17,153,402,000</b>	<b>4,358,072,000</b>	<b>25%</b>
<b>Internally Generated Revenue</b>			
Research & Consultancy Fees	1,575,378,756	2,162,016,540	137%
Rentals	875,424,460	875,424,460	100%
<b>Total Internally Generated Revenue</b>	<b>2,450,803,216</b>	<b>3,037,441,000</b>	<b>124%</b>
<b>Gross Revenue Budget</b>	<b>19,604,205,216</b>	<b>7,395,513,000</b>	<b>38%</b>

Source: *Approved Budget for the year 2021/22*

## 2.8 ANNUAL APPROVED REVENUE BUDGET VS ACTUAL REVENUE COLLECTION

The actual financial performance results for the year 2021/22 compared with the approved budget estimates are summarised in Table:

Table 2: Actual Revenue Compared with Approved Budget Estimate for 2021/22

Revenue Item	Approved Budget Estimate TZS	Actual Revenue TZS	% of Approved Budget Estimate
<b>Government Grants</b>			
Personnel Emoluments	1,908,072,000	2,261,697,240	119%
Development Grant	1,400,000,000	1,290,261,559	92%
Industrial Mapping	450,000,000	450,000,000	100%
Research Grant	600,000,000	529,709,779	88%
<b>Total Grants</b>	<b>4,358,072,000</b>	<b>4,531,668,578</b>	<b>104%</b>
<b>Internally Generated Revenue:</b>			
Research & Consultancy Fees	2,162,016,540	1,053,557,904	49%
Rentals	875,424,460	745,909,592	85%
Other revenue	Nil	13,677,662	100%
<b>Total Internally Generated Revenue</b>	<b>3,037,441,000</b>	<b>1,813,145,158</b>	<b>60%</b>
<b>Gross Revenue</b>	<b>7,395,513,000</b>	<b>6,344,813,736</b>	<b>86%</b>

Source: *Approved Budget and Audited Financial Statements for 2021/22.*

## 2.9 EMPLOYEES WELFARE

The Organisation's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The Organisation contributes towards the National Health Insurance Fund

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(NHIF), a national defined contribution scheme, to cover medical expenses for employees and their immediate dependents. Contributions are determined by local statute and the Organisation's contributions are charged to the statement of financial performance in the year in which they relate. In order to improve the motivation of employees, the Organisation provides training and holds regular meetings with employees to elicit their views on the promotion of customer service and working conditions.

### **2.10 RELATED PARTY TRANSACTIONS**

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are included in the notes appended to the financial statements.

### **2.11 BORROWINGS**

The Organisation is financed through revenue and capital grants from its sole shareholder, the Government of the United Republic of Tanzania. At the date of the financial statements under report, the Organisation had no liabilities arising from any borrowings.

### **2.12 DISABLED PERSONS**

It remains the Organisation's policy to accept disabled persons for employment for those vacancies that they are able to perform.

### **2.13 STATEMENT OF COMPLIANCE WITH LAWS AND OTHER REGULATORY REQUIREMENTS**

The Council members individually and collectively are aware that, the Organisation's management has the responsibility to comply with relevant laws, Government Policy Directives and Circulars and thus we confirm that, during the year under report the Organisation was in compliance with all the relevant laws and regulations including the Public Procurement Act No 7 of 2011 and its Regulations of 2013 and that all the statutory contributions accruing to permanent and pensionable employees and those payable by the employer have been duly recognised in the financial statements in accordance with the requirements of the regulating laws and Treasury directives on harmonised financial reporting in the public sector.

### **2.14 FUTURE OUTLOOK**

The transformation of TIRDO into a highly reputable and competitive research centre under the Tanzania Development Vision 2025 can only be realized through deliberate capacity building initiatives, attracting and retaining high calibre professionals, upgrading quality of the Research, Technology and Innovation programmes, at the Organisation. The infrastructure development for industrial research and technology services provision at TIRDO represents the largest investment of the Organisation. When completed, the laboratories will serve as research, technology and innovation hub targeting value addition of the raw material resources across the country, and in the East African region.

The improvement of TIRDO capacity on accrediting laboratories, upgrading knowledge and skills of the Organisation's staff will significantly contribute towards TIRDO's ability in assisting industries. There has been an increase in the level of interest in the research and development activities by industries due to fair competition of their products in the market.



## 2.15 FUTURE DEVELOPMENT PLANS

TIRDO has developed new Corporate Strategic Plan 2021/22-2025/26 that will go concurrent with the third five years Development Plan (FYDP III) 2021/22-2025/26 with the theme “*Realising Competitiveness-Led Export Growth*”. The strength of the Organisation will be in acquiring and developing a human resource capacity which will have to turn the Organisation into a learning Organisation which can cope with change and compete regionally and internationally. TIRDO must create capacity, provide demand driven services and work closely with the Private Sector and the industry. This includes winning more research and consultancy contracts and collaboration with other international research Organisations in doing projects and creating outputs and products of international nature. This is the only way to play its role of supporting the evolution of a competitive national industrial sector and creating the desired impact.

## 2.16 STATUTORY AUDITOR

The Controller and Auditor General is the statutory auditor of the Tanzania Industrial Research and Development Organisation (TIRDO) by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 and as amplified under section 10 of the Public Audit Act, Cap 418 [R.E. 2021]. The Controller and Auditors General appointed M/s Globe Accountancy Services to audit the financial statements of TIRDO on his behalf by virtue of the powers vested in him under Sect 33 of the Public Audit Act of 2008.

## 2.17 ACKNOWLEDGEMENT

The Ministry of Investment, Industry and Trade, Management and staff of the TIRDO, express their appreciation to the President of the URT, Hon. **Samia Suluhu Hassan** and the Government in general for the financial and material support with which the Organisation has been able to discharge its mandated functions and activities during the year under report. The Director General and Management also wish to record, their appreciation to our partners and stakeholders both in the public and private sectors for their patronage and support thus keeping the objectives of the TIRDO alive as a provider of public service in the development of the local industrial sector.

Finally, the Council Chairperson wishes to congratulate the Management and all the staff under the leadership of the Director General for the achievements made during the year through hard work, commitment and loyalty to the ideals of the TIRDO stated in its Vision and Mission.

## 2.18 APPROVAL OF THE FINANCIAL STATEMENTS:

The Financial Statements of the TIRDO, as indicated above, were approved by the Council Chairperson on .....and are signed on its behalf by:

  
.....  
COUNCIL CHAIRPERSON

17.03., 2023  
.....  
DATE

  
.....  
DIRECTOR GENERAL

**3.0 STATEMENT OF RESPONSIBILITY BY GOVERNING COUNCIL**

The Council Chairperson of Governing Council is responsible for the preparation and fair presentation of the Financial Statements, comprising the Statement of Financial Position at 30 June 2022, and the statement of financial performance, the statement of changes in equity and statement of cash flows for the year ended 30 June 2022, and notes to the financial statements, which include the summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS).

The Council's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

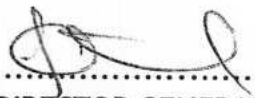
The Council Chairperson of Governing Council have made assessment of the Organisation's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the near future.

**Approval of the Financial Statements**

The financial statements of the TIRDO, as indicated above, were approved by the Chairperson of Governing Council on .....and are signed on its behalf by:

  
.....  
COUNCIL CHAIRPERSON

*17 March*, 2023  
.....  
DATE

  
.....  
DIRECTOR GENERAL

#### 4.0 DECLARATION OF THE HEAD OF FINANCE

According to the powers conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, National Board of Accountants and Auditors (NBAA) requires financial statements to 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 Governing Council and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Body as under Councilors Responsibility statement on an earlier page.

I CPA Jacobsen K. David, Acting Director of Finance of Tanzania Industrial Research and Development Organization (TIRDO) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 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 in all material respect, the financial position, financial performance and cash flows of the Tanzania Industrial Research and Development Organization (TIRDO) as at 30 June 2022, in accordance with the International Public Sector Accounting Standards (IPSAS) and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Position: **Acting Director of Finance**

NBAA Membership No: **GA 3738**

Date: 17 March 2023

## 5.0 FINANCIAL STATEMENTS

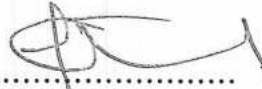
## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 JUNE 2022 TZS	30 JUNE 2021 TZS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	5	419,357,772	514,702,889
Trade and Other Receivables	6	1,320,670,361	1,158,535,163
Prepayments & Deposits		626,404,080	36,757,540
Inventory	7	<u>104,168,530</u>	<u>74,470,771</u>
<b>Total Current Assets</b>		<b>2,470,600,743</b>	<b>1,784,466,363</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	145,106,919,894	144,902,336,853
Capital Work In Progress	3	1,383,427,513	1,374,310,494
Intangible Assets	4	2,847,656	3,796,875
Investment Property	8	<u>2,140,537,530</u>	<u>2,188,796,935</u>
<b>Total Non-Current Assets</b>		<b><u>148,633,732,593</u></b>	<b><u>148,469,241,157</u></b>
<b>TOTAL ASSETS</b>		<b>151,104,333,336</b>	<b>150,253,707,520</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	10	1,849,826,785	2,312,548,887
<b>Total Current Liabilities</b>		<b>1,849,826,785</b>	<b>2,312,548,887</b>
<b>NET ASSETS</b>		<b><u>149,254,506,551</u></b>	<b><u>147,941,158,633</u></b>
<b>CAPITAL AND RESERVES</b>			
Capital Fund	9	824,589,688	824,589,688
Accumulated Surpluses		<u>148,429,916,863</u>	<u>147,116,568,945</u>
<b>Total Capital and Reserves</b>		<b><u>149,254,506,551</u></b>	<b><u>147,941,158,633</u></b>

Notes 1 to 28 form part of these financial statements

  
 .....  
 COUNCIL CHAIRPERSON

17 March, 2023  
 .....  
 DATE

  
 .....  
 DIRECTOR GENERAL

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		30 JUNE 2022	30 JUNE 2021
	Note	TZS	TZS
<b>REVENUE</b>			
Revenue from Non exchange transactions	11	4,454,625,604	2,264,661,097
Revenue from Exchange transactions	12	1,970,652,065	2,400,880,406
Other Development Grants Received	13	<u>529,709,779</u>	<u>267,563,021</u>
<b>TOTAL REVENUE</b>		<b>6,954,987,448</b>	<b>4,933,104,524</b>
<b>EXPENSES</b>			
Salaries, Wages and Benefits	14	2,857,833,491	2,577,707,757
Research & Consultancy Expenses	15	866,371,934	979,151,665
Donors Funded Project Expenses	16	613,833,767	337,794,694
Administration Expenses	17	719,774,270	588,005,938
Other operating Expenses	18	3,539,780	45,658,245
Audit Fees & Expenses	19	59,480,000	54,080,000
Depreciation & Amortisation	20	<u>570,681,288</u>	<u>522,009,953</u>
<b>TOTAL EXPENSES</b>		<b><u>5,691,514,530</u></b>	<b><u>5,093,338,753</u></b>
<b>Net Surplus/ (Deficit) for Year</b>		<b><u>1,263,472,918</u></b>	<b><u>(171,303,728)</u></b>

Notes 1 to 28 form part of these financial statements

*BL*  
.....  
COUNCIL CHAIRPERSON

*17 March*, 2023  
.....  
DATE

*[Signature]*  
.....  
DIRECTOR GENERAL

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

PARTICULARS	CAPITAL FUND	ACCUMULATED SURPLUS	TOTAL
	TZS	TZS	TZS
<b>Brought Forward at 1 July 2020</b>			
As previously stated	824,589,688	147,357,500,534	148,182,090,222
Prior Year Adjustment	-	(69,627,861)	(69,627,861)
As restated	824,589,688	147,287,872,673	148,112,462,361
Net Deficit for Year	-	(171,303,728)	(171,303,728)
<b>Carried Forward at 30 June 2021</b>	<b><u>824,589,688</u></b>	<b><u>147,116,568,945</u></b>	<b><u>147,941,158,633</u></b>
<b>Brought Forward at 1 July 2021:</b>			
As previously stated	824,589,688	147,127,638,444	147,952,228,132
Prior Year Adjustments (Note 24)	-	(11,069,499)	(11,069,499)
As restated	-	147,116,568,945	147,941,158,633
Asset Adjustments (Note 2)	-	49,875,000	49,875,000
Net Surplus for the Year	-	<u>1,263,472,918</u>	<u>1,263,472,918</u>
<b>Carried Forward at 30 June 2022</b>	<b><u>824,589,688</u></b>	<b><u>148,429,916,863</u></b>	<b><u>149,254,506,551</u></b>

Notes 1 to 28 form part of these financial statements

  
 .....  
 COUNCIL CHAIRPERSON

*17. March*, 2023  
 .....  
 DATE

  
 .....  
 DIRECTOR GENERAL

**TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

	Note	30 JUNE 2022 TZS	30 JUNE 2021 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>RECEIPTS FROM NON-EXCHANGE TRANSACTIONS:</b>			
Receipts for Employees' Emoluments & Benefits	23(a)	2,261,697,240	2,163,327,902
Capital Development Fund	23(b)	1,742,928,364	500,000,000
Industrial Mapping	23(c)	450,000,000	54,000,000
Other Development Grants	23(d)	<u>529,709,779</u>	<u>267,563,021</u>
<b>Total Receipts from Non-Exchange Transactions</b>		<b>4,984,335,383</b>	<b>2,984,890,923</b>
<b>RECEIPTS FROM EXCHANGE TRANSACTIONS:</b>			
Lease of investment property	23(e)	745,909,592	719,482,293
Research and Consultancy Services	23(f)	1,053,557,903	1,585,289,808
Other revenue	23(g)	13,677,346	75,012,494
<b>Total Receipts from Exchange Transactions</b>		<b>1,813,144,841</b>	<b>2,379,784,595</b>
<b>Total Receipts From Operating Activities</b>		<b>6,797,480,224</b>	<b>5,364,675,518</b>
<b>PAYMENTS:</b>			
Employees' Emoluments & Benefits	23(h)	(2,924,225,881)	(2,712,383,281)
Suppliers/Creditors Goods & Services	23(i)	(3,226,935,773)	(2,228,352,070)
<b>Total Payments</b>		<b>(6,151,161,654)</b>	<b>(4,940,735,351)</b>
<b>Net Cash flows from operating activities</b>		<b>646,318,570</b>	<b>423,940,167</b>
<b>CASH FROM FINANCING ACTIVITIES:</b>			
Restricted development grants		-	-
Other Development programmes grants received		-	-
<b>Net Cash Flows From Financing Activities</b>		<b>-</b>	<b>-</b>
<b>CASH FROM INVESTING ACTIVITIES:</b>			
Payments for Acquisition of furniture and equipment	2	(676,180,705)	(36,275,842)
Payments for acquisition of Intangible assets		-	-
Payments for Capital Works in Progress	2	(65,482,982)	(91,611,763)
Cash receipts from disposals of assets		-	-
<b>Net Cash flows from financing activities</b>		<b>(741,663,687)</b>	<b>(127,887,605)</b>
<b>Net Increase/(Decrease) in Cash &amp; Equivalents</b>		<b>(95,345,117)</b>	<b>296,052,562</b>
Cash & Equivalents at the beginning of the year		514,702,889	218,650,325
Cash & Equivalents at the end of the year		<b>419,357,772</b>	<b>514,702,887</b>

Notes 1 to 28 form part of these financial statements

.....  
  
**COUNCIL CHAIRPERSON**

17. March, 2023  
 .....  
**DATE**

.....  
  
**DIRECTOR GENERAL**

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Budget 2021/22			Actual Comparable Basis 2021/22	Performance Difference 2021/22 <sup>1</sup>
	Original (Approved) TZS	Adjustments TZS	Final Budget TZS		
<b>REVENUE</b>					
Government Subvention:					
Employees' Emoluments & Benefits	3,061,028,000	(1,152,956,000)	1,908,072,000	2,261,697,240	353,625,240
Other Charges Subvention	1,950,803,000	(1,950,803,000)	-	-	-
Development Fund Subvention	11,075,519,000	(9,675,519,000)	1,400,000,000	1,742,928,364	342,928,364
Industrial Mapping	450,000,000	-	450,000,000	450,000,000	-
<b>Total Government Subvention</b>	<b>16,537,350,000</b>	<b>(12,779,278,000)</b>	<b>3,758,072,000</b>	<b>4,454,625,604</b>	<b>696,553,604</b>
Other Development Grants:					
Research and Development Grants	616,052,000	(16,052,000)	600,000,000	529,709,779	(70,290,221)
<b>Sub Total Government &amp; Other Grants</b>	<b>17,153,402,000</b>	<b>(12,795,330,000)</b>	<b>4,358,072,000</b>	<b>4,984,335,383</b>	<b>626,263,383</b>
<b>Receipts From Internal Sources:</b>					
Research & Consultancy Services Fees	1,575,378,756	586,637,784	2,162,016,540	1,053,557,903	(1,108,458,637)
Rentals from Properties	875,424,460	-	875,424,460	745,909,592	(129,514,868)
Other receipts	-	-	-	13,677,346	13,677,346
<b>Sub Total Internally Generated</b>	<b>2,450,803,216</b>	<b>586,637,784</b>	<b>3,037,441,000</b>	<b>1,813,144,841</b>	<b>(1,224,296,159)</b>
<b>TOTAL CASH RECEIPTS</b>	<b>19,604,205,216</b>	<b>(12,208,692,216)</b>	<b>7,395,513,000</b>	<b>6,797,480,224</b>	<b>(598,032,776)</b>
<b>EXPENDITURE</b>					
Employees' Emoluments & Benefits	3,061,028,000	(1,152,956,000)	1,908,072,000	2,924,225,882	1,016,153,882
Payments for Goods & Services	4,401,606,216	(1,380,217,216)	3,021,389,000	3,226,935,773	205,546,773
Development Expenditure	12,141,571,000	(9,675,519,000)	2,466,052,000	741,663,687	(1,724,388,313)
<b>TOTAL EXPENDITURE</b>	<b>19,604,205,216</b>	<b>(12,208,692,216)</b>	<b>7,395,513,000</b>	<b>6,892,825,342</b>	<b>(502,687,658)</b>
Increase/(Decrease) in Cash & Equivalents	-	-	-	(95,345,117)	(95,345,117)
Opening Balance Brought Forward				514,702,889	
<b>CLOSING BALANCE C/FORWARD</b>				<b>419,357,772</b>	<b>(95,345,117)</b>

Notes 1 to 28 form part of these financial statements

.....  
COUNCIL CHAIRPERSON

17<sup>th</sup> March, 2023  
DATE

.....  
DIRECTOR GENERAL

<sup>1</sup> Explanations of material variances between budget and actual is shown in Note 20&21.

Controller and Auditor General

AR/PA/TIRDO/2021/22



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH IPSASs

The financial statements which comprise the Statement of Financial Position as at 30 June 2022, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts and Significant Accounting Policies and Notes to the financial statements for the year ended 30 June 2022 have been prepared in all material respects in compliance with the requirements of the International Public Sector Accounting Standards (IPSASs).

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these General-Purpose Financial Statements are set out in paragraphs below:

1.2.1 Going Concern

The Financial Statements have been prepared on the assumption that the Organisation will continue to operate as a going concern based on the actions that have been taken by the management of the Organisation and the continued support of the Government of the United Republic of Tanzania. The Council believes that these actions will enable the Organisation to operate on a sustainable basis. The actions taken include:

- a) Request for financial support and/(or) guarantee from the Government of the United Republic of Tanzania to finance the anticipated shortfall in cash flows required to meet capital expenditure and working capital needs; and
- b) Participation of TIRDO in the United Republic of Tanzania's long-term mega projects

If the Organisation was not able to continue as a going concern, these Financial Statements would have to be prepared on a break-up value or liquidation basis. In which case, long term assets and liabilities would be reclassified as current assets and liabilities and assets would be restated to a forced sale value basis. In addition, it would be necessary to make provisions of closure costs and losses to the date of termination, including redundancies and penalties for early termination of employment contracts.

1.2.2 Basis of Accounting

The financial statements are prepared on a going concern basis in compliance with International Public Accounting Standards (IPSASs) pursuant to the Government decision vide the Treasury Circular No 11 of 2014/15 issued by the Permanent Secretary and Paymaster General by virtue of the powers provided for in the Public Finance Act No 6 of 2001 (amended 2004) directed that, all public-sector entities except Government Business Entities (GBEs), should migrate to IPSAS Accrual Basis of Accounting beginning the financial year ended 30 June 2015.

The financial statements of the Organisation are prepared under historical cost convention and modified when necessary to include revaluation of its assets at fair value. The financial statements prepared have not been adjusted to reflect effects of inflationary factors. The preparation of financial statements in compliance with IPSAS requires the adoption of accounting policies that are relevant to the nature of business and activities of the TIRDO and selection of accounting estimates that are appropriate and reasonable given the circumstances.

### **1.2.3 Definition of Financial Statements under IPSASs Financial Reporting Framework**

The financial statements comprise the Statement of Performance, Statement of Financial Position, Statement of Changes in Net Assets/Equity, Statement of Cash Flow and Significant Accounting Policies and Notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of financial performance.

The preparation of financial statements is in conformity with International Public Accounting Standards (IPSASs) that requires the use of estimates and assumptions. It also requires the management to exercise prudent judgment in the process of applying the accounting policies adopted by the Organisation. Although such estimates and assumptions are based on the Council's best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in the notes.

### **1.2.4 Reporting Currency and Translation of Foreign Currencies**

All transactions are recorded in the functional currency (the currency of the primary economic environment in which the Organisation operates), which is the Tanzania Shillings (TZS). Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the statement of financial performance in the year in which they arise.

### **1.2.5 Revenue Recognition**

#### **1.2.5.1 Revenue**

Revenue represents the fair value of consideration received or receivable for the sale of services in the ordinary course of the Organisation's activities. Revenue is recognised when it is probable that, future economic benefits will flow to the Organisation and the amount of revenue can be measured reliably. Revenue is stated net of Value Added Tax, rebates and trade discounts and cash discounts are treated as part of finance costs.

Sales of services are recognised upon performance of the service and the customer's acceptance based on the proportion of actual service rendered to the total services to be provided. Rental revenue from operating leases is recognised on a straight-line basis over the period of the lease. Interest revenue is recognised on time proportion basis using the effective interest method.

#### 1.2.5.2 Grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that, the grant will be received and the Organisation will comply with all the attached conditions. Government grants received for capital expenditure by the Organisation are classified as Deferred capital grants in the statement of financial position and amortized to the statement of financial performance on a systematic basis to match with the amount of expenditure on development activities using the grants; while grants received from the Government and development partners to finance general operations are treated as re-current revenue and credited in the statement of financial performance.

#### 1.2.6 Property, Plant and Equipment

All categories of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of financial performance in the year in which they are incurred.

Depreciation of Organisation's Assets is allocated systematically over the estimated useful life. Depreciation for valuation purposes is the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence. Assets expected life are estimated in range as follows;

Assets Category	Estimated useful life (Years)
Buildings	50
Plant & Machinery	15
Furniture & Fixture	5
Office Equipment	5
Computer Peripherals	4
Motor Vehicles	5

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole

item. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining the surplus or deficit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to accumulated surplus.

#### **1.2.7 Intangible Assets**

Intangible assets are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised). All categories of intangible assets which may comprise data bases, processors, accounting software and website planning and hosting costs etc are stated at historical cost or fair value and amortised within four years at the rate of 25%.

#### **1.2.8 Investment Property - Cost Model**

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land is recognised at cost including the transaction costs. Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred. Where no fair value is determined in any year, the applicable depreciation shall be charged consistent with the requirement of IPSAS 17.

#### **1.2.9 Impairment of Non-Financial Assets**

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **1.2.10 Inventories Valuation**

Inventories are stated at the lower of cost or net realisable value using the FIFO method. Inventories are held for consumption in the ordinary course of Organisation's activities.

#### **1.2.11 Retirement Benefits and Other Social Security Schemes Obligations**

The Organisation and the employees contribute to the Public Service Social Security Fund (PSSSF). The Organisation and employees also contribute to the National Insurance Health Fund (NHIF). The Organisation is also obligated to contribute 0.5% of the salaries of permanent and pensionable employees towards the Workmen's Compensation Fund (WCF). These contributions are determined by local statute of the respective social security schemes and the Organisation's portions of the contributions are charged in the statement of financial performance in the year in which they accrue.

### **1.2.12 Accrued Employees' Statutory Benefits**

The estimated monetary liabilities for employees' accrued statutory benefits are recognised as an accrued employment cost and charged in the statement of financial performance in the year to which they relate.

### **1.2.13 Borrowing Costs**

Borrowing costs, net of any temporary investment revenue on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other Borrowing costs are recognised in the statement of financial performance in the year in which they are incurred.

### **1.2.14 Financial Instruments**

The Organisation classifies its financial instruments into the following categories: -

#### **1.2.14.1 Loans and Receivables**

Comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and excludes assets which the Organisation intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through the statement of financial performance or as available-for-sale financial assets.

#### **1.2.14.2 Financial Assets**

All financial assets are recognised initially using the trade date accounting which is the date the Organisation commits itself to the purchase or sale. Financial assets stated at fair value through the statement of financial performance are initially recognised at fair value and the transaction costs are expensed in the statement of financial performance. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost. A financial asset is considered impaired if there is objective evidence of impairment. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Changes in the carrying values and impairment losses of loans and receivables are recognised in the statement of financial performance. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the statement of financial performance in the year of recovery.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Organisation has transferred substantially all risks and rewards of ownership. Financial assets held during the year are classified as demand and term deposits with banking institutions and trade and other receivables were classified as receivables and prepayments.

#### **1.2.14.3 Financial Liabilities**

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through statement of financial position, which are initially recognised at fair value and the transaction costs are expensed in the statement of financial performance. Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through the statement of financial performance which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through statement of financial performance, those expected to be settled in the Organisation's normal operating cycle, those payable or expected to be paid within twelve (12) months of the statement of financial position date and those which the Organisation does not have an unconditional right to defer settlement for at least twelve months after the date of the statement of financial position. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings, trade and other liabilities are classified as financial liabilities by the Organisation and are carried at amortised cost.

#### **1.2.15 Provision for Liabilities and Charges**

Provisions are recognised when the Organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### **1.2.16 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statement of financial position, bank overdrafts, if any, are included as borrowings under current liabilities.

#### **1.2.17 Capital Fund**

The capital fund represents the value of assets vested in the Organisation under the Establishment Act.

### 1.3 SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the process of applying the accounting policies adopted by the Organisation, the Council makes certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The Council evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

#### 1.3.1 Impairment Loss Estimation

Key assumptions about the future and other sources of estimation uncertainty made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include determining Impairment losses estimates on receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. Any movement in the impairment provision is set out in notes to financial statements. Moreover, in determining whether an impairment loss should be recognised in the statement of financial performance for receivables or financial assets, judgment is made as to whether there is a measurable decrease in the estimated future cash flows of any receivable or financial asset.

### 1.4 RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 1.4.1 Financial Risk Management

The Organisation's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Organisation's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Organisation's performance by setting acceptable levels of risk. The Organisation does not hedge against any risks.

#### 1.4.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on an Organisation-wide basis. The Organisation does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is currently managed by ensuring that for customers without a positive credit history with the Organisation, services are offered only after payments have been received. For investment property debtors, the credit history is determined by considering the financial position, past experience and other relevant factors. The past due debtors are not impaired and continue to be collected. The

Organisation does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past dues and impaired receivables.

#### **1.4.3 Liquidity Risk**

Liquidity risk is the risk that the Organisation will encounter difficulty in meeting obligations associated with financial liabilities. The Organisation mitigates these risks through government subvention funding to meet its capital requirements and working capital requirements on an annual basis based on subventions funding. The Government of the United Republic of Tanzania is also in the process of formalising arrangement to fund research and development activities of

Government owned Research Institutions by allocating 1% of Gross Domestic Product in an effort to further enhance research and development activities in the country.

#### **1.4.4 Capital Management**

The Organisation's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern. The Organisation is not subject to any external capital requirements.

### **1.5 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. Ordinary repairs and maintenance expenditure are charged to the statement of financial performance in the year in which they are incurred.

#### **1.5.1 Land**

Land consists of twenty-two (22) hectares at various locations in Msasani Peninsular Kinondoni Municipality in Dar es Salaam City. Land was valued at fair value as at 30th June 2017. The valuation was carried out by M/S Emack (T) Limited, an independent registered professional valuer.

#### **1.5.2 Buildings.**

Buildings consist of office buildings, workshops and residential houses at various locations at Msasani Peninsular Area, in Kinondoni Municipality in Dar es Salaam. Buildings are initially recognized at cost, but are subject to revaluation to fair value on an ongoing basis in compliance with the IPSASs. The revaluation of most buildings was carried out in June 2017 by Emack (T) Limited, independent professional valuers, on the basis of open market replacement values.



### 1.5.3 Equipment, Loose Tools and Furniture

All categories of equipment, loose tools and furniture are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets.

### 1.5.4 Motor Vehicles

There are four running motor vehicles which are carried out valuation. Three of these four were acquired more than ten years ago whereas the other was acquired in 2007.

### Capital Works in Progress

The composition and movement in capital works in progress TZS 1,383,427,513 disclosed in the statement of financial position as at 30 June 2021 is summarised in the table below:

Particulars	30 June 2021	Transfer/Addition during the year	30 June 2022
Admin Block Building	1,000,135,491	64,682,982.18	1,064,818,473.03
Leather Recycling Plant	164,000,000	-	164,000,000
Workshop & Laboratory	126,381,040	800,000.00	127,181,040
Cashew nut Plant	10,100,000	-	10,100,000
Bio-Innovate Project- Morogoro	56,365,963	(56,365,963)	-
Sea Weed Project- Pemba	17,328,000	-	17,328,000
<b>Total TZS</b>	<b>1,374,310,494</b>	<b>9,117,019.18</b>	<b>1,383,427,513</b>

## 1.6 PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The Statement of Comparison of the Budget and Actual Amounts based on accrual basis is presented as a separate financial statement to disclose the original and final budget and actual amounts on comparable basis. The Organisation's budget was initially endorsed by the Permanent Secretary for Ministry of Investment, Industry & Trade, and Treasury Registrar and finally submitted to the parent Ministry for approval and tabling in the National Assembly by the responsible Minister during the 2021/22 budget session. Other silent features of the budget and a summary of performance review are highlighted in Note 21 to the financial statements.

## 1.7 RELATED PARTY TRANSACTIONS

The transactions summarised below were incurred with related parties during the current year compared with previous year.

Related Party	Numbers	2021/22 TZS	2020/21 TZS
<b>Councillors Allowances &amp; Meetings</b>	11		
Councillors' Emoluments	-	-	-
Councillors Meetings	-	-	-
<b>Total</b>	-	-	-
<b>Key Management Personnel Emoluments</b>	7		
Salaries		289,751,000	345,858,000
Housing & Furnishings Allowances		-	-
House Rent (One Director)		30,000,000	30,000,000
Utilities Allowances		25,800,000	25,800,000
Other Benefits (One Director)		30,000,000	30,000,000
<b>Total</b>	<b>16</b>	<b>375,551,000</b>	<b>431,658,000</b>

The Key management personnel consist of the Director General, Five Directors and the Internal Auditor. During the reporting period, the internal auditor and all directors were provided with houses owned by the Organisation.

## 1.8 FINANCIAL COMMITMENTS

At the date of these financial statements there was no any capital expenditure commitment contracted.

## 1.9 CONTINGENT LIABILITIES

At 30 June 2021, the Organisation had no contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that material liabilities may arise.

## 1.10 SUBSEQUENT EVENTS

At the time of adopting the financial statements, the Council was not aware of any significant transactions, events or conditions whose non-disclosure or omission could result in material misstatements of the financial statements for the year then ended

## 1.11 CORRESPONDING FIGURES

Where necessary, comparative figures of the previous year have been rearranged/ adjusted to conform to changes made in the presentation of the financial statements in the current year.

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NOTE 2: PROPERTY, PLANT AND EQUIPMENT  
PARTICULARS

	LAND TZS	BUILDINGS TZS	EQUIPMENT & MACHINERY TZS	COMPUTER & PERIPHERALS TZS	FURNITURE, FIXTURES & FITTINGS TZS	AMMUNITION & LOOSE TOOLS TZS	MOTOR VEHICLES TZS	TOTAL TZS
<b>COST</b>								
Balance at 1 July 2021	136,798,000,000	8,751,692,266	1,366,366,227	206,677,015	175,484,265	34,310,300	104,500,000	147,437,030,073
Additions During Year	-	-	2,650,000	52,082,700	5,050,000	1,110,000	615,288,005	676,180,705
Adjustments/ Transfer	-	-	(16,743,953)	(40,456,798)	57,200,751	-	49,875,000	49,875,000
Balance at 30th June	136,798,000,000	8,751,692,266	1,352,272,274	218,302,917	237,735,016	35,420,300	769,663,005	148,163,085,778
<b>ACCUMULATED DEPRECIATION</b>								
Brought Forward at 1st July	-	1,293,969,343	793,053,564	180,936,182	146,929,657	15,304,474	104,500,000	2,534,693,220
Correction of errors	-	-	-	(66,484,020)	15,748,094	-	-	-
Adjustments/ Transfer Charge for Year	-	175,033,845	113,821,343	41,277,895	47,541,670	7,084,060	136,713,851	521,472,664
Carried Forward at 30th June	-	1,469,003,188	957,610,833	155,730,057	210,219,421	22,388,534	241,213,851	3,056,165,884
<b>NET CARRYING AMOUNT</b>								
At 30 June 2022	136,798,000,000	7,282,689,078	394,661,442	62,572,860	27,515,594	13,031,766	528,449,154	145,106,919,894
At 30 June 2021	136,798,000,000	7,457,722,924	573,312,663	25,740,833	28,554,607	19,005,826	-	144,902,336,853

From the above fixed asset schedule, Motor vehicle TZS 104,500,000 are full depreciated. The Management has considered to re - establish useful life of the Assets respectively given the fact that they are still in use and in good condition.

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NOTE 3: CAPITAL WORK IN PROGRESS

	30 June 2022 TZS	30 June 2021 TZS
Balance as at 1 July	1,374,310,494	1,282,698,731
Additions	65,482,982	91,611,763
Sub total	1,439,793,476	1,374,310,494
Adjustment	(56,365,963)	-
<b>Balance as at 30 June</b>	<b>1,383,427,513</b>	<b>1,374,310,494</b>

NOTE 4: INTANGIBLE ASSETS AND AMORTIZATION

ACCOUNTING SOFTWARE

COST/ REVALUATION

Brought forward at 1 July	16,000,000	16,000,000
Additions	-	-
Revaluation Adjustment	-	-
<b>Carried Forward at 30 June</b>	<b>16,000,000</b>	<b>16,000,000</b>

ACCUMULATED AMORTIZATION:

Brought forward at 1 July	12,203,125	10,937,500
Adjustment on Revaluation	-	-
Charge for Year (Note 20)	949,219	1,265,625
<b>Carried Forward at June 30</b>	<b>13,152,344</b>	<b>12,203,125</b>

NET CARRYING AMOUNT

At 30.06.2022	2,847,656	3,796,875
At 30.06.2021	3,796,875	5,062,500

NOTE 5: CASH AND EQUIVALENTS

BOT Bank Accounts Balances	39,154,584	446,493,417
Other Bank Accounts Balances	374,273,188	68,209,472
Interbank Transfer	5,930,000	-
<b>Total</b>	<b>419,357,772</b>	<b>514,702,889</b>

NOTE 6: TRADE AND OTHER RECEIVABLES

Account Receivables	1,059,302,160	937,810,081
Staff Receivables	401,385,509	377,375,910
<b>Total</b>	<b>1,460,687,669</b>	<b>1,315,185,991</b>
Less: Provision for Bad Debts	(140,017,308)	(156,650,828)
<b>Net Total</b>	<b>1,320,670,361</b>	<b>1,158,535,163</b>

NOTE 7: INVENTORIES

Consumable and Supplies	104,168,530	74,470,771
<b>Total</b>	<b>104,168,530</b>	<b>74,470,771</b>

NOTE 8: INVESTMENT PROPERTY

Cost at 1 July	2,412,970,301	2,594,131,930
Addition	-	21,596,771
Transfer at 30 June	-	(202,758,400)
<b>Total</b>	<b>2,412,970,301</b>	<b>2,412,970,301</b>
Accumulated Depreciation at 1 July	224,173,365	155,647,916
Transfer at 30 June	-	20,266,044
Depreciation at 30 June (Note 20)	48,259,406	48,259,406
<b>Accumulated Depreciation at 30 June</b>	<b>272,432,771</b>	<b>224,173,366</b>
<b>Net Book Balances</b>	<b>2,140,537,530</b>	<b>2,188,796,935</b>

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NOTE 9: CAPITAL FUND	30 June 2022	30 June 2021
	TZS	TZS
Opening balance Brought Forward	824,589,688	824,589,688
Amount Received	-	-
Less: Reclassification of Capital Grant Received	-	-
<b>Closing Balance</b>	<b>824,589,688</b>	<b>824,589,688</b>
NOTE 10: PAYABLES AND ACCRUALS		
Accounts Payable	1,187,277,326	1,069,873,072
Accruals and Dues Payable	285,141,762	179,957,806
Audit Fees Payable	87,080,000	90,238,762
Employees' Benefits Payable	219,095,840	306,370,215
Deferred Rental Income	71,231,857	213,442,227
Deferred Government Development Grant	-	452,666,805
<b>Total</b>	<b>1,849,826,785</b>	<b>2,312,548,887</b>
NOTE 11: REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Government Revenue Expenditure Subvention (Note 11.1)	2,261,697,240	2,163,327,902
Government Development Fund	1,742,928,364	47,333,195
Industrial Mapping	450,000,000	54,000,000
<b>TOTAL</b>	<b>4,454,625,604</b>	<b>2,264,661,097</b>
NOTE 11.1: REVENUE EXPENDITURE SUBVENTIONS		
Salaries - Permanent & Pensionable	1,916,504,000	1,836,906,082
Employer's Pensions Contributions	278,115,600	262,589,043
Employer's NHIF Contributions	57,495,120	54,713,809
Employer's WCF Contributions	9,582,520	9,118,968
<b>Total revenue expenditure Subvention</b>	<b>2,261,697,240</b>	<b>2,163,327,902</b>
NOTE 12: REVENUE FROM EXCHANGE TRANSACTIONS		
Research and Consultancy Fees (Note 12.1)	1,175,175,097	1,584,858,224
Rental Income from Investment Property	781,399,622	740,361,708
Other Revenue (Note 12.2)	14,077,346	75,660,474
<b>TOTAL</b>	<b>1,970,652,065</b>	<b>2,400,880,406</b>
NOTE 12.1: RESEARCH AND CONSULTANCY FEES		
Energy Services	63,716,067	43,031,356
Analytical Services	467,119	12,600,000
Environmental Services	182,530,301	63,711,911
Materials Science	93,265,967	2,711,017
Mechanical Workshop	380,000	8,045,100
Food Analysis Services	73,817,909	50,971,127
ICT	-	42,060,678
Special and General Consultancy	760,997,736	1,361,727,035
<b>Total</b>	<b>1,175,175,097</b>	<b>1,584,858,224</b>

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NOTE 12.2: OTHER INCOME

	30 June 2022	30 June 2021
	TZS	TZS
Conference facilities	200,000	1,200,000
Miscellaneous Income	12,839,441	13,507,894
Exchange Rate Gain/(Loss)	24,345	(246,165)
Sanitizer	1,013,559	4,511,542
Covidol	-	56,687,203
<b>Total</b>	<b>14,077,346</b>	<b>75,660,474</b>

NOTE 13: OTHER DEVELOPMENT GRANTS RECEIVED

Bio-innovate (ICIPE)	54,223,991	219,989,946
SIDA Project	13,765,000	45,573,075
COSTECH-Accreditation	461,720,788	2,000,000
<b>Total</b>	<b>529,709,779</b>	<b>267,563,021</b>

NOTE 14: SALARIES, WAGES AND BENEFITS

Salaries -Permanent Employees (Lawson Payroll)	1,916,504,000	1,836,906,082
Employer's Pensions Contributions	278,115,600	262,589,043
Employer's NHIF Contributions	57,495,120	54,713,809
Employer's WCF Contributions	9,582,520	9,118,968
Acting Allowance	4,250,000	-
Overtime	35,402,582	35,852,661
Incentive Scheme	115,582,147	104,839,312
Extra Duty Allowances	95,965,720	90,125,000
Housing and Utilities Allowances	87,780,000	25,787,000
Responsibility and Entertainment Allowance	30,000,000	25,500,000
Casual Labourers	21,839,890	26,893,270
Retirement Benefits & Gratuities	36,105,000	38,924,200
Staff Accommodation	37,339,682	31,626,000
Local Leave Passages	25,995,267	12,646,212
Recruitment & Subsistence	10,484,800	2,306,600
Training & Development	87,036,900	18,655,600
Medical Expenses -Non NHIF Employees	4,858,691	49,000
Professional Registration fees	3,495,572	1,175,000
<b>Total</b>	<b>2,857,833,491</b>	<b>2,577,707,757</b>

NOTE 15: RESEARCH AND CONSULTANCY EXPENSES

Food Analysis, Chemistry & Environment.	213,246,939	123,597,800
Engineering (NDT, Material, Energy & Textile)	100,214,119	129,887,579
IT and Instrumentation	17,155,000	18,142,404
Marketing	54,604,768	50,521,600
Karanga Project	393,752,008	221,552,025
Simiyu-NHIF Project	4,706,000	150,000
Cashewnut Project	1,500,000	1,750,000
Soda Ash-Engaruka Project	4,010,000	422,600,257
CPB Project	77,183,100	10,950,000
<b>Total</b>	<b>866,371,934</b>	<b>979,151,665</b>

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	30 June 2022 TZS	30 June 2021 TZS
<b>NOTE 16: DONOR FUNDED PROJECTS EXPENSES</b>		
Bio Innovate Project	132,061,933	139,572,553
Green Cassava Project	740,500	670,000
SIDA Project	36,209,500	38,793,500
Industrial Mapping	365,864,000	19,545,000
Sea weed Project	29,405,035	30,845,563
REPOA Project	49,552,800	108,368,078
<b>Total</b>	<b>613,833,767</b>	<b>337,794,694</b>
<b>NOTE 17: ADMINISTRATION EXPENSES</b>		
Office Refreshments	28,308,500	12,138,107
Office Stationery & Supplies	30,449,121	28,998,394
Travelling Local Duties	214,912,800	163,574,800
Outfit Allowance	600,000	300,000
Generator Fuel, Oils & Repairs	3,400,000	4,085,594
Motor Vehicles Maintenance	25,169,743	21,270,235
Motor Vehicles Fuels and Oils	41,108,979	33,160,742
Buildings and Grounds Maintenance	51,407,475	25,036,540
Machinery and Equipment Maintenance	4,240,000	5,766,154
Uniforms & Sanitary & Cleaning Materials	4,868,441	7,451,866
Water & Electricity	91,626,097	94,796,805
Communications- Internet & Telephones	10,985,200	7,451,130
RAAWU Expenses	10,611,000	-
Insurance Premiums Expenses	16,934,618	9,300,019
Management and Other Meetings	29,590,000	21,590,000
Membership & Subscriptions Fees	34,423,033	35,452,650
Audit Expenses	32,570,000	15,060,000
Bank Charges	4,657,400	3,815,271
Property, Land Rates & Taxes	46,360,200	47,292,039
Annual Stock Taking & Revaluations	18,980,508	285,000
Review and Preparation of Policy Doc.	-	28,071,093
Legal Fees	16,811,156	680,000
Burials, Funerals & Condolences	1,760,000	11,360,000
Penalties & Fines	-	-
PIC Expenses	-	-
Bad Debts Written Off	-	-
Debt Collection Charges	-	-
General Expenses	-	11,069,499
<b>Total</b>	<b>719,774,270</b>	<b>588,005,938</b>

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

	30 June 2022	30 June 2021
	TZS	TZS
<b>NOTE 18: OTHER OPERATING EXPENSES</b>		
Covidol Sanitizer	-	14,292,800
	3,539,780	31,365,445
<b>Total</b>	<b>3,539,780</b>	<b>45,658,245</b>
<b>NOTE 19: AUDIT FEES AND EXPENSES</b>		
Audit fees	45,000,000	45,000,000
Audit Expenses	14,480,000	9,080,000
<b>Total</b>	<b>59,480,000</b>	<b>54,080,000</b>
<b>NOTE 20: DEPRECIATION AND AMORTISATION</b>		
Buildings	175,033,845	174,052,725
Equipment & Machinery	113,821,343	218,817,992
Computer Peripherals	41,277,895	41,086,322
Furniture, Fixtures & Fittings	47,541,670	35,096,853
Ammunition & Loose Tools	7,084,060	3,431,030
Motor Vehicles	136,713,851	-
Intangible Assets Amortization	949,219	1,265,625
Investment Property	48,259,406	48,259,406
<b>Total</b>	<b>570,681,288</b>	<b>522,009,953</b>
<b>NOTE 21: RECONCILIATION OF THE SURPLUS FROM ORDINARY ACTIVITIES WITH NET CASH</b>		
<b>FLOW FROM OPERATING ACTIVITIES</b>		
Deficit for the year	1,263,472,918	(171,303,728)
<b>Adjustment for non-cash item</b>		
Depreciation of Property, Plant and Equipment (Note 2)	521,472,663	472,484,922
Amortization of intangible Assets (Note 4)	949,219	1,265,625
Depreciation of Investment Property (Note 8)	48,259,406	48,259,406
Adjustment on Work in Progress	56,365,963	-
Prior Year items	-	(69,627,859)
<b>Cash flow after adjustment for Non-Cash items</b>	<b>1,890,520,169</b>	<b>281,078,366</b>
<b>WORKING CAPITAL MOVEMENTS</b>		
Increase in Inventories	(29,697,759)	(52,450,915)
Increase in Trade and Other Receivable	(751,781,738)	(305,280,981)
Decrease in Trade and Other Payable	(462,722,102)	(347,286,638)
<b>Net Cash Flow from Working Capital</b>	<b>(1,244,201,599)</b>	<b>(716,088,033)</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>646,318,570</b>	<b>(423,940,167)</b>



TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE: 22: EXPLANATIONS ON DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Particulars/Year	Original Budget		Adjustments		Final Budget		Actual on		Performance Difference		Explanations of Differences Between Budget and Actual Amounts	
	(Approved) 2021/22	TZS	2021/22	TZS	2021/22	TZS	2021/22	TZS	2021/22	TZS		In %
<b>REVENUE</b>												
Government Subvention												
Employees' Emoluments & Benefits	3,061,028,000		(1,152,956,000)		1,908,072,000		2,261,697,240		353,625,240		18.5	Replacement and transfer of employee
Other Charges	1,950,803,000		(1,950,803,000)		-		-		-		-	OC Subvention not allocated
Subvention												
Development Fund	11,075,519,000		(9,675,519,000)		1,400,000,000		1,742,928,364		342,928,364		-	
Subvention												
Industrial Mapping	450,000,000		-		450,000,000		450,000,000		-		-	
<b>Total Government Subvention</b>	<b>16,537,350,000</b>		<b>(12,779,278,000)</b>		<b>3,758,072,000</b>		<b>4,454,625,604</b>		<b>696,553,604</b>		<b>18.5</b>	Over disbursed Subvention budget
Other Grants	616,052,000		(16,052,000)		600,000,000		529,709,779		(70,290,221)		(11.7)	Over estimate of research and development grants budget
<b>Total Subventions &amp; Other Grants</b>	<b>17,153,402,000</b>		<b>(12,795,330,000)</b>		<b>4,358,072,000</b>		<b>4,984,335,383</b>		<b>626,263,383</b>		<b>14.4</b>	Over disbursed Subvention budget
<b>Internally Generated Revenue</b>												
Research, Consultancy Fees and Others	1,575,378,756		586,637,784		2,162,016,540		1,053,557,904		(1,108,458,637)		(51.3)	Over estimate of research and consultancy projects revenue budget
Rentals	875,424,460		-		875,424,460		745,909,592		(129,514,868)		(14.8)	Some of the houses was allocated to Staff
Other receipt	-		-		-		13,677,346		13,677,346		100.0	
<b>Total Internally Generated</b>	<b>2,450,803,216</b>		<b>586,637,784</b>		<b>3,037,441,000</b>		<b>1,813,144,841</b>		<b>(1,224,296,159)</b>		<b>(40.3)</b>	Over budget estimate of internal revenue collections
<b>TOTAL REVENUE</b>	<b>19,604,205,216</b>		<b>(12,208,692,216)</b>		<b>7,395,513,000</b>		<b>6,797,480,224</b>		<b>(598,032,776)</b>		<b>(8.1)</b>	Over budget estimate of total revenue collections

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

<b>EXPENDITURE</b>									
Personnel Emoluments & Benefits	3,061,028,000	(1,152,956,000)	1,908,072,000	2,924,225,882	(1,016,153,882)	(53.3)	Replacement and transfer of employee		
Payments for Goods & Services	4,401,606,216	(1,380,217,216)	3,021,389,000	3,226,935,773	(205,546,773)	(6.8)	Under estimate of procurements of goods and services budget		
Development Expenditure	12,141,571,000	(9,675,519,000)	2,466,052,000	741,663,687	1,724,388,313	69.9	Development Funds Subvention not disbursed on time		
<b>TOTAL EXPENDITURE</b>	<b>19,604,205,216</b>	<b>(12,208,692,216)</b>	<b>7,395,513,000</b>	<b>6,892,825,342</b>	<b>502,687,658</b>	<b>6.8</b>	Over budget estimate of aggregate expenditure		
Increase/(Decrease) in Surplus/Deficit	-	-	-	(95,345,117)	(95,345,117)		Net cash & equivalents generated from current year		

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 22. EXPLANATIONS ON DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS  
(CONTINUED)

The highlights on the financial performance of TIRDO are briefly explained here under;

1. The total revenue collected of TZS 6.797 billion was below budget estimate of TZS 7.395 billion by 8.2%. None allocation of other Charges grants contributed to the negative variance.
2. Government grants received were TZS 4.454 billion or 14.4 % over the budget estimate of TZS 4.358 billion. The variance caused by replacement and transfer of employees.
3. Internally generated revenue collected was TZS 1.813 billion compared with budget estimate of TZS 3.037 billion ending with under collection by 40.3%. Most of the consultancy activities were not materialize.
4. The actual expenditure was TZS 6.892 billion compared with approved budget estimate of TZS 7.395 billion resulting in under expenditure by 6.8 %.
5. Actual personnel emolument of TZS 2.924 billion was over budget estimate by 53.3% because of replacement and transfer of employees.
6. Actual costs payments to suppliers for supply of goods and services was TZS 3.226 billion against budget estimate of TZS 3.021 billion or 6.8% above estimate. This was contributed by under estimate of procurements of goods and services budget.

NOTES 23: NOTES RELATING TO AMOUNTS IN CASH FLOW STATEMENT

Particulars	Note	30 June 2022 TZS	30 June 2021 TZS
<b>23(a) Receipts from Government Subventions:</b>			
PE Emoluments & Benefits	11	1,916,504,000	1,836,906,082
Employers Pensions Contributions	11	345,193,240	326,421,820
<b>Total</b>		<b><u>2,261,697,240</u></b>	<b><u>2,163,327,902</u></b>
<b>23(b) Capital Development Fund:</b>			
Development Fund C/f	10	-	452,666,805
Development Revenue	11	1,742,928,364	47,333,195
<b>Total</b>		<b>1,742,928,364</b>	<b>500,000,000</b>
<b>23(c) Industrial Mapping</b>	11	<b>450,000,000</b>	<b>54,000,000</b>
<b>Total Grant Received</b>		<b>4,454,625,604</b>	<b>2,717,327,902</b>
<b>23(d) Partners Research and Other Grants</b>			
Partners Research and Other Grants	13	529,709,779	267,563,021
<b>Total Partners Research and Other Grants</b>		<b>529,709,779</b>	<b>267,563,021</b>

**TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)**

**23(e) Receipts from lease Investment Property**

Rent Receivable Balance b/f	6	834,085,457	720,984,0
Rent Revenue for the Year	12	781,399,622	740,361,7
Deferred Income c/f	10	<u>71,231,857</u>	<u>213,442,2</u>
<b>Sub Total</b>		<b>1,686,716,936</b>	<b>1,674,788,0</b>
Less: Deferred income b/f	10	(213,442,227)	(206,965,45
Less: Rent Receivable Balance c/f		(813,110,317)	(834,085,45
Provision for bad & Doubtful debt		<u>85,745,200</u>	<u>85,745,2</u>
<b>Sub Total</b>		<b><u>(940,807,344)</u></b>	<b><u>(955,305,71</u></b>
<b>Total Receipts from lease of investment property</b>		<b><u>745,909,592</u></b>	<b><u>719,482,3</u></b>

**23(f) Receipts from Research and Consultancy**

Receivable Balance b/f		103,076,644	66,424,6
Revenue for the Year	12	<u>1,175,175,097</u>	<u>1,584,858,2</u>
<b>Sub Total</b>		<b>1,278,251,741</b>	<b>1,651,282,9</b>
Less: Receivable Balance c/f		(245,143,863)	(103,076,64
Provision for bad & Doubtful debt		<u>20,450,025</u>	<u>37,083,5</u>
<b>Total Receipts from Research and Consultancy</b>		<b><u>1,053,557,903</u></b>	<b><u>1,585,289,8</u></b>

**23(g) Receipts from other revenue**

Receivable Balance b/f		647,980	
Revenue Earned	12	14,077,346	75,660,4
<b>Sub Total</b>		<b>14,725,326</b>	<b>75,660,4</b>
Less: Receivable Balance C/f		(1,047,980)	(647,98
<b>Total Other revenue Receipt</b>		<b>13,677,346</b>	<b>75,012,4</b>

**23(h) Payments of Emoluments and Other Costs**

Salaries, Wages and Benefits Expenses	14	2,857,833,491	2,577,707,7
Staff Receivables c/f	6	401,385,508	388,445,4
Less: Provision for bad & Doubtful debt C/f		(33,822,083)	(33,822,08
Employee's Benefits b/f	10	306,370,215	280,268,9
<b>Sub Total</b>		<b>3,531,767,131</b>	<b>3,212,600,0</b>
Less: Staff Receivable b/f	6	(388,445,409)	(193,846,50
Less: Employee's Benefits c/f	10	(219,095,840)	(306,370,2
<b>Total Payments of Emoluments and Other Costs</b>		<b>2,924,225,882</b>	<b>2,712,383,2</b>

**23(i) Payments to Suppliers of Goods & Services**

Payables Balance b/f	10	1,340,069,639	1,399,298,1
Inventory c/f	7	104,168,530	74,470,7
Operating Expenses		2,815,951,423	2,123,039,6
Inventory		(74,470,771)	(87,684,98
Prepayments c/f	6	626,404,080	36,757,5
Prior Year Adjustment	1	<u>11,069,499</u>	<u>69,627,8</u>
<b>Sub Total</b>		<b>4,823,192,401</b>	<b>3,615,508,9</b>
Less: Prepayments b/f	6	(36,757,540)	(47,087,2
Less: Payable balance c/f	10	<u>(1,559,499,088)</u>	<u>(1,340,069,6</u>
<b>Payments for Goods and Services</b>		<b><u>3,226,935,773</u></b>	<b><u>2,228,352,0</u></b>

**NOTE 24: PRIOR YEAR ADJUSTMENTS**

	30 June 2022	30 June 2021
	TZS	TZS
Understatement of land rent	-	(124,979,398)
Omission of inventory at year end	-	65,843,930
Overstated imprest and other receivables	(11,069,499)	(10,492,393)
<b>TOTAL</b>	<b>(11,069,499)</b>	<b>(69,627,861)</b>

The amount of TZS 11,069,499 adjusted in the accumulated surplus of the statement of changes in net assets represents various understated expenses because of overstated imprests and other assets.

The effect of the prior year adjustments is an increase in prior year administration expenses and loss for that year by TZS 11,069,499 and decrease in receivables by same amount.

**NOTE 25: CURRENCY**

These financial statements are presented in Tanzania shillings (TZS).

**NOTE 26: EVENTS AFTER THE REPORTING DATE**

As at the date of signing the audit report, there were no events that occurred subsequent to the reporting date, 30 June 2022, that warrant disclosure or adjustments to the amounts included in the financial statements as at that date, as required by IPSAS 14.

**NOTE 27: COMPARATIVES**

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