



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE YEAR ENDED
30 JUNE 2023**

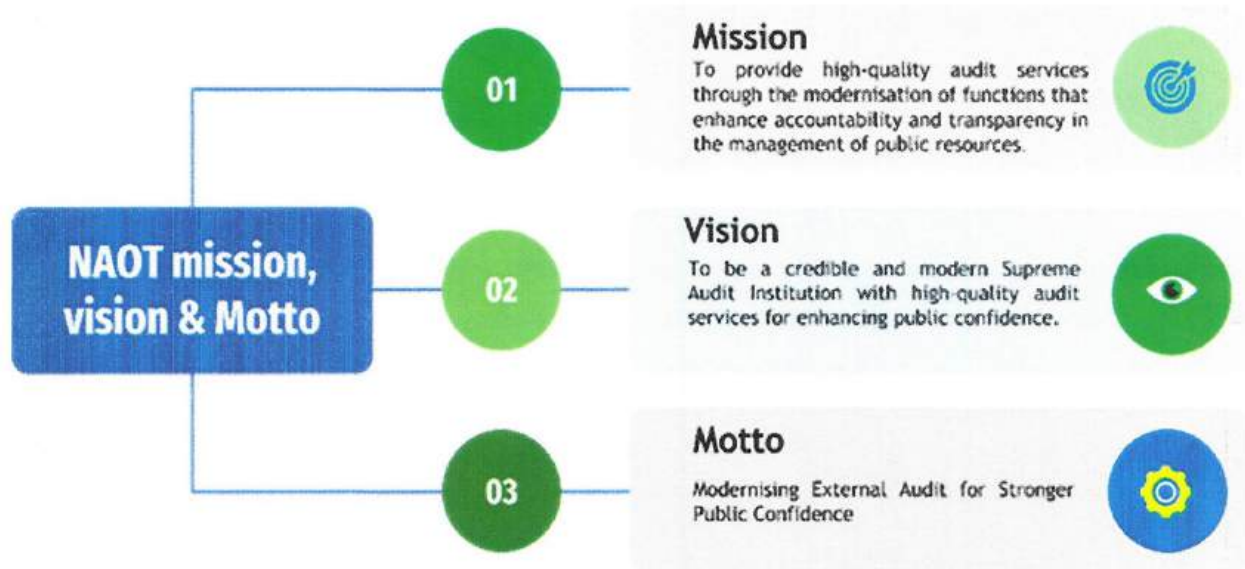
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March 2024

AR/PAD/TIRDO/2022/23

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



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

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

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

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ABBREVIATIONS

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
PAC	Public Accounts Committee
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 of the Governing Council,
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 2023, 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 Organization as at 30 June 2023 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348 [R.E 2020].

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 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 by those charged with Governance, 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.

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 taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, Cap. 410 [R.E 2022] 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 2022/23 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 2022/23 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.



Wendy W. Massoy
Ag. Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2024



2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

2.1 Corporate Profile

2.1.1 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 organization wholly owned by the Government of URT through the Ministry of Industry and Trade. The organization is mandated to assist the industrial sector in the country through the delivery of technical expertise and support services in order to upgrade its technological base.

2.1.2 Vision and Mission

i Vision

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

ii Mission

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

2.1.3 Principal Activities

The principal functions of TIRDO include:

- (i) 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;
- (ii) To research into local and foreign industrial techniques and technologies, and evaluate their suitability for adaptation and use in industrial production;
- (iii) To promote or provide facilities for training personnel in carrying out scientific and industrial research;
- (iv) To operate documentation systems to disseminate information on applied research;
- (v) To provide technical services for industrial development; and
- (vi) To provide technical capacity to mitigate industrial pollution.

2.1.4 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.

2.1.5 Corporate Governance

TIRDO Governing Council consists of ten members. Apart from Director General who is the Secretary of the Council, no other member holds executive position in the Organization. The Council is responsible for the performance of functions and management of the affairs of the Organization, 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 Organization 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 Organization is operating activities, acting as the medium of communication and coordinating all various departments and divisions.

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

2.1.6 Composition of the Governing Council

The members of the Governing Council of TIRDO, who are currently serving the Organization since 28 June 2023 are shown in Table 1 below.

Table 1: Governing Council Members as at 30 June 2023

S/N	Name	Position	Qualifications	Nationality	Age
1.	Eng. Bashir Juma Mrindoko	Chairperson	MA. Engineering	Tanzanian	69
2.	Prof. Mkumbukwa M.A. Mtambo	Secretary/DG	PhD. Veterinary Medicine	Tanzanian	64
3.	Dr. Amos Muhunda Nungu	Member	PhD in Telecommunication System	Tanzanian	48
4.	Mr. Peter Alanambula Ilomo	Member	MA. of Economic	Tanzanian	68
5.	Dr. Abdulla Rashid Abdulla	Member	PhD. Industrial Economics	Tanzanian	51
6.	Prof. Sylvester Michael Mpanduji	Member	PhD Agricultural Engineering	Tanzanian	62
7.	Prof. Maulilio John Kipanyula	Member	PhD Bioscience and Biotechnology	Tanzanian	49
8.	Mrs. Christine F. Kilindu	Member	BSc. (Hons) In Management	Tanzanian	77
9.	Ms. Rhobi Daniel Sattima	Member	MA. Business Administration	Tanzanian	47
10.	Dr. Lugano Wilson Mwansule	Member	PhD Energy Engineering	Tanzanian	59

According to the TIRDO Establishment Act No. 5 of 1979, the Council is required to meet on quarterly basis each year. The Council has established two Sub-Committees to ensure a high standard of corporate governance in the Organization. These are Finance, Planning & Audit Committee and Technical Programmes Committee.

2.1.7 Management

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

- (i) Engineering Development;
- (ii) ICT and Technology Transfer;
- (iii) Industrial Research;
- (iv) Human Resource and Administration; and
- (v) 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.

2.2 Strategic Objectives, Strengths and Links

2.2.1 Strategic Objectives

TIRDO corporate strategic plan had eight strategic objectives as follows;

- (i) HIV/AIDS and NCDs Morbidity and Mortality Reduced;
- (ii) National Anticorruption strategy enhanced, sustained and implemented;
- (iii) Utilization of local raw materials for industrial production through value addition Promoted;
- (iv) Quality, Reliable and internationally recognized laboratory services provided.
- (v) Eco-friendly and low emission production processes in industries Developed and promoted;
- (vi) Technical services for industrial development and dissemination of technical knowledge efficiently provided;
- (vii) Quality and standard of locally produced products to meet quality standards and specifications set by Domestic, Regional and International markets Improved; and
- (viii) TIRDO transformed into a centre of excellence in applied R&D and technical services and be self reliant in conducting its core activities.

2.2.2 Strategic Strengths

The Tanzania Industrial Research and Development Organization (TIRDO) plays a vital role in the industrial development of Tanzania. TIRDO serves as a key government agency responsible for promoting and supporting industrial research, innovation, and technological advancements in the country.

Its strategic strengths and role in industrial development is highlighted:

(i) Research and Development (R&D)

The Organization conducts research and development activities focused on enhancing industrial productivity, efficiency, and competitiveness. It carries out scientific investigations, technological studies, and applied research to address industry-specific challenges and develop innovative solutions. It also collaborates with academic institutions, industry stakeholders, and other research organizations to foster a culture of research and innovation in Tanzania.

(ii) Technology Transfer and Commercialization

TIRDO facilitates the transfer of technology and knowledge from research institutions to industries. It identifies emerging technologies, conducts feasibility studies, and supports the commercialization of research outcomes. TIRDO assists in bridging the gap between research and industry by facilitating technology licensing, incubation, and entrepreneurship programs, thus fostering the growth of technology-driven enterprises.

(iii) Standards and Quality Assurance

TIRDO plays a crucial role in setting and ensuring compliance with standards and quality requirements in industries. It promotes and assist in development of national standards, technical regulations, and quality assurance systems. TIRDO provides testing, calibration, and certification services to support industries in meeting national and international quality standards. By promoting quality assurance, TIRDO enhances the competitiveness of Tanzanian industries in domestic and international markets.

(iv) Capacity Building and Training

TIRDO conducts training programs, workshops, and seminars to build the capacity of industrial professionals, researchers, and entrepreneurs. It aims to enhance their skills, knowledge, and understanding of emerging technologies and industrial best practices. TIRDO also collaborates with educational institutions to develop curricula and training modules that align with the evolving needs of the industrial sector.

(v) Policy Advice and Advocacy

TIRDO provides policy advice and recommendations to the government on matters related to industrial development. It actively participates in policy formulation processes, providing expert input on issues such as research and development, innovation, technology adoption, and industrial competitiveness. TIRDO serves as a voice for the industrial sector, advocating for policies that promote sustainable industrial growth and economic development.

(vi) **Collaboration and Partnerships**

TIRDO actively engages with domestic and international stakeholders to foster collaboration, knowledge sharing, and technology transfer. It collaborates with industry associations, research institutions, development partners, and other organizations to leverage expertise, resources, and networks. These collaborations contribute to the development of a vibrant ecosystem that supports industrial innovation, entrepreneurship, and investment.

The Organisation enjoys both international and national links in the conduct of its activities, which include: -

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

TIRDO is also associated with the following Organizations: -

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

2.3 Major Achievements and Future Plans

2.3.1 Major achievements includes

- (i) Industrial supervision activities including the Kilimanjaro International Leather Industries and CPB Rice Paddy processing factory;
- (ii) Industrial Mapping Project for the Eastern zone including Dar es Salaam, Morogoro and Coast Regions;
- (iii) A total of eight research projects that aimed at developing technologies for value addition in industrial processes were successively implemented in areas of leather processing, cassava processing, seaweed value addition, mushroom substrate blocks, essential oil productions, coal briquetting technology, among others;
- (iv) Infrastructure enhancements in terms of laboratory equipment for the food microbiology laboratory, chemical processing laboratory, energy laboratory and leather-testing laboratory;
- (v) Technical services provision to industries in areas of NDT, energy auditing, environmental auditing, ESIA among others; and
- (vi) Preliminary Development of the National Industrial Information Management System (NIIMS).

2.3.2 Future Plans

- (i) To be the hub that acts as a "Think Tank" for the development of industries and their resources in the country.

- (ii) To identify various investment opportunities in industries, stimulate job creation, contribute to the national income, preserve the environment, and enhance security.
- (iii) To establish an industrial information centre for providing accurate information on industries to the government, thereby assisting in various decisions regarding industrial development.
- (iv) To establish a centre for forecasting industrial technology trends and assist the government in identifying future investment opportunities, enabling strategic planning for those opportunities;
- (v) To have an Industrial Clinic for providing solutions to various challenges faced by industries, ensuring their sustainability and preventing them from shutting down or ceasing production;
- (vi) To assess available raw materials in the country, especially rare minerals, and advise on their proper use in industrial activities to prevent losses for the government;
- (vii) To nurture, support, and develop technologies resulting from research for industrial use, thereby increasing employment, discovering talents, and supporting the production of modern technologies;
- (viii) To strengthen laboratories for coal, metallurgy, oil, and gas to provide professional services to strategic industries such as Liganga and Mchuchuma, Ngaka, and the oil and gas industries for efficiency; and
- (ix) To continue evaluating the current status of privatized processing industries that have ceased production, with the aim of finding the best ways to revive or use them for alternative purposes to avoid losses for the government.

2.4 Commercial and Operational Risks

2.4.1 Risks

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

- 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;
- 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.

2.4.2 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 Organization'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.

2.4.3 An Overview of the Financial Performance for the year 2022/23

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 2023 is shown in Table 2.

Table 2: Condensed Two-Year Comparative Financial Performance is as follows:

Narration	Actual 2022/23 TZS	Actual 2021/22 TZS	Performance Change in %
Government Grants			
Personnel Emoluments Grant (Note 12.1)	2,324,967,495	2,261,697,240	3%
Development Funds (Note 12)	375,130,490	1,742,928,364	78%
Industrial Mapping (Note 12)	0	450,000,000	100%
Other Grants (Note 14)	187,784,438	529,709,779	65%
Total Grants	2,887,882,423	4,984,335,383	42%
Own Revenue			
Rentals (Note 13)	901,669,266	781,399,622	15%
Research & Consultancy (Note 13.1)	786,356,562	1,175,175,097	33%
Other Income (Note 13.2)	56,243,552	14,077,346	300%
Total Internally Generated Revenue	1,744,269,380	1,970,652,065	11%
Total Revenue	4,632,151,803	6,954,987,448	33%
Total Expenses Excluding Depreciation	4,831,437,021	5,110,833,241	5%
Operating (Deficit)/Surplus	(199,285,218)	1,834,154,206	111%
Depreciation	770,675,483	570,681,288	8%
(Deficit)/Surplus for the year	(969,960,701)	1,273,472,918	157%

Source: Audited Financial Statements for the respective years

2.4.4 The annual Revenue Budget Proposal Submitted to the Ministry of 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 3.

Table 3: Budget Estimates Proposed to Ministry of Industry and Trade (MIT) and the Estimates Approved for Year 2022/23

Revenue Item	Proposed Budget Estimate TZS	Approved by MIT Budget Estimate TZS	(%) of Original Proposal Estimate
Government Grants			
Personnel Emoluments	2,101,400,000	2,101,400,000	100%
Other Charges	0	0	0%
Development Grant	1,900,000,000	1,900,000,000	100%
Total Grants	4,001,400,000	4,001,400,000	100%

Internally Generated Revenue			
Revenue from Exchange Transactions	2,977,144,339	2,977,144,339	100%
Other Revenue	875,424,461	875,424,461	100%
Total Internally Generated Revenue	3,852,568,800	3,852,568,800	100%
Gross Revenue Budget	7,853,968,800	7,853,968,800	100%

Source: Approved Budget for the year 2022/23

2.4.5 Annual Approved Revenue Budget Vs Actual Revenue Collection

The actual financial performance results for the year 2022/23 compared with the approved budget estimates are summarised in Table 4.

Table 4: Actual Revenue Compared with Approved Budget Estimate for 2022/23

Revenue Item	Approved Budget Estimate TZS	Actual Receipts TZS	% of Approved Budget Estimate
Government Grants			
Personnel Emoluments	2,101,400,000	2,324,967,495	111%
Development Grant	1,450,000,000	1,116,008,709	77%
Industrial Mapping	450,000,000	0	0%
Total Government Grants	4,001,400,000	3,440,976,204	86%
Other Grants - Research (received in kind)	0	187,784,438	
Total Grants	4,001,400,000	3,628,760,642	91%
Internally Generated Revenue:			
Research & Consultancy Fees	2,977,144,339	786,356,562	26%
Rentals	875,424,461	901,669,266	103%
Other revenue	0	56,243,552	
Total Internally Generated Revenue	3,852,568,800	1,744,269,380	45%
Gross Revenue	7,853,968,800	5,373,030,022	68%

Source: 2022/23 Approved Budget and Audited Financial Statements for 2022/23

2.5 Employees Welfare

The Organization's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The Organization contributes towards the National Health Insurance Fund (NHIF), a national defined contribution scheme, to cover medical expenses for employees and their immediate dependents. Contributions are determined by local statute and the Organization'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 Organization provides training and holds regular meetings with employees to elicit their views on the promotion of customer service and working conditions.

2.6 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.

2.7 Borrowings

The Organization 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.

2.8 Disabled Persons

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

2.9 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.

2.10 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 organization. The infrastructure development for industrial research and technology services provision at TIRDO represents the largest investment of the Organization. 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 organization'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.

2.11 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 Organization will be in acquiring and developing a human resource capacity which will have to turn the Organization into a learning Organization 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 Organizations 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.

2.12 Statutory Auditor

The Controller and Auditor General is the statutory auditor of the Tanzania Industrial Research and Development Organization (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]. For the second term 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.

2.13 Acknowledgement

The Ministry of 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.

2.14 APPROVAL OF THE FINANCIAL STATEMENTS:

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


.....
DIRECTOR GENERAL

26.3 2024
DATE


.....
COUNCIL CHAIRPERSON

3.0 STATEMENT OF COUNCILLORS' RESPONSIBILITIES

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 2023, and the statement of financial performance, the statement of changes in equity and statement of cash flows for the year ended 30 June 2023, 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 Organization'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:


.....
DIRECTOR GENERAL

26.3.2024
.....
DATE


.....
COUNCIL CHAIRPERSON

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 ACPA Jacobsen K. David, 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 2023 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 2023, 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: **Director of Finance**

NBAA Membership No: **ACPA 4415**

Date: **22.3.2024**

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022/23 TZS	2021/22 TZS
ASSETS			
Current Assets			
Cash and Cash equivalent	2	583,965,213	419,357,772
Trade and Other Receivables	3	1,328,498,622	1,320,670,361
Advances to Other Government Entities	4	253,634,558	626,404,080
Inventory	5	<u>82,662,479</u>	<u>104,168,530</u>
Total Current Assets		2,248,760,872	2,470,600,743
Non-Current Assets			
Property, Plant and Equipment	6	144,869,741,554	145,106,919,894
Capital Work In Progress	7	2,341,588,369	1,383,427,513
Intangible Assets	8	2,135,742	2,847,656
Investment Property	9	<u>2,239,507,444</u>	<u>2,140,537,530</u>
Total Non-Current Assets		<u>149,452,973,109</u>	<u>148,633,732,593</u>
TOTAL ASSETS		151,701,733,981	151,104,333,336
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	2,669,776,323	1,849,826,785
Deferred Income	12.2	740,878,219	-
Customer Rental Deposits		<u>6,533,789</u>	-
Total Current Liabilities		<u>3,417,188,331</u>	<u>1,849,826,785</u>
NET ASSETS		<u>148,284,545,850</u>	<u>149,254,506,551</u>
CAPITAL AND RESERVES			
Capital Fund	11	824,589,688	824,589,688
Accumulated Surpluses		<u>147,459,956,162</u>	<u>148,429,916,863</u>
Total Capital and Reserves		<u>148,284,545,850</u>	<u>149,254,506,551</u>

Notes 1 to 28 form part of these financial statements



 DIRECTOR GENERAL

 26.3.2024

 DATE



 COUNCIL CHAIRPERSON

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23 TZS	2021/22 TZS
REVENUE			
Revenue from Non exchange transactions	12	2,700,097,985	4,454,625,604
Revenue from Exchange transactions	13	1,744,269,380	1,970,652,065
Other Development Grants Received	14	<u>187,784,438</u>	<u>529,709,779</u>
TOTAL REVENUE		4,632,151,803	6,954,987,448
EXPENSES			
Wages, Salaries and Employee Benefits	15	2,917,346,894	2,879,168,673
Use of Goods and Services	16	1,671,352,422	1,899,042,797
Maintenance Expenses	17	49,494,829	145,139,695
Depreciation & Amortisation Expenses	18	770,675,483	570,681,289
Other Expenses	19	141,446,646	151,377,076
Social Benefits	20	<u>51,796,230</u>	<u>36,105,000</u>
TOTAL EXPENSES		5,602,112,504	5,681,514,530
Net (Deficit)/ Surplus for Year		<u>(969,960,701)</u>	<u>1,273,472,918</u>

Notes 1 to 28 form part of these financial statements


.....
DIRECTOR GENERAL

26.3.2024
.....
DATE


.....
COUNCIL CHAIRPERSON

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

PARTICULARS	CAPITAL FUND	ACCUMULATED SURPLUS		TOTAL TZS
	TZS		TZS	
Brought Forward at 1 July 2021:				
As previously stated	824,589,688	147,127,638,444	147,952,228,132	
Prior Year Adjustments (Note 24)	-	<u>38,805,501</u>	<u>38,805,501</u>	
As restated	-	147,166,443,945	147,991,033,633	
Other Transfers (Note 25)	-	(10,000,000)	(10,000,000)	
Net Surplus for the Year	-	1,273,472,918	1,273,472,918	
Carried Forward at 30 June 2022	<u>824,589,688</u>	<u>148,429,916,863</u>	<u>149,254,506,551</u>	
Brought Forward at 1 July 2022	824,589,688	148,429,916,863	149,254,506,551	
Net Deficit for the Year	-	<u>(969,960,701)</u>	<u>(969,960,701)</u>	
Carried Forward at 30 June 2023	<u>824,589,688</u>	<u>147,459,956,162</u>	<u>148,284,545,850</u>	

Notes 1 to 28 form part of these financial statements


.....
DIRECTOR GENERAL

26.3.2024
.....
DATE


.....
COUNCIL CHAIRPERSON

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23 TZS	2021/22 TZS
CASH FLOWS FROM OPERATING ACTIVITIES:			
RECEIPTS:			
Receipts from Non-Exchange Transactions	12.2	3,440,976,204	4,984,335,383
Revenue from Exchange Transactions	13.3	<u>1,712,236,580</u>	<u>1,813,144,841</u>
Total Receipts from Non-Exchange Transactions		5,153,212,784	6,797,480,224
PAYMENTS:			
Wages, Salaries and Employee Benefits	21.1	2,699,296,539	2,927,848,920
Use of Goods and Service	21.2	1,452,286,592	2,880,690,963
Maintenance Expenses	19	49,494,829	145,139,695
Social Benefits	20	51,796,230	36,105,000
Other Expenses	21.3	197,812,194	151,377,076
Other Transfers	25	-	-
Total Payments		4,450,686,384	6,141,161,654
Net Cashflows from operating activities (A)		702,526,400	656,318,570
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of Property, Plant and Equipment	6	(321,784,844)	(676,180,705)
Payment for Work in Progress	7	(216,134,115)	(65,482,982)
Net Cashflows from Investing Activities (B)		(537,918,959)	(741,663,687)
CASH FROM FINANCING ACTIVITIES:			
Contribution to Consolidated Fund (CF)	25	-	(10,000,000)
Net Cashflows from Investing Activities (C)		-	(10,000,000)
Net Increase/(Decrease) in Cash & Equivalents (A+B+C)		164,607,441	(95,345,117)
Cash & Cash Equivalents at the beginning of the year		<u>419,357,772</u>	<u>514,702,889</u>
Cash & Cash Equivalents at the end of the year	2	<u>583,965,213</u>	<u>419,357,772</u>

Notes 1 to 28 form part of these financial statements



 DIRECTOR GENERAL

 26.3.2024

 DATE



 COUNCIL CHAIRPERSON

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE PERIOD ENDED 30 JUNE 2023

Description	Original Budget	Budgeted Amount Reallocations/ Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Difference Final Actual (B-A)
RECEIPTS:	TZS	TZS	TZS	TZS	TZS
Subvention from Other Government Entities	4,001,400,000	0	4,001,400,000	3,440,976,204	560,423,796
Revenue from Exchange Transactions	2,977,144,339	0	2,977,144,339	857,500,114	2,119,644,225
Other Revenue	875,424,461	0	875,424,461	854,736,466	20,687,995
Total Receipts	7,853,968,800	0	7,853,968,800	5,153,212,784	2,700,756,016
PAYMENTS:					
Wages, Salaries and Employee Benefits	2,841,467,525	0	2,841,467,525	2,917,242,147	(75,774,622)
Use of Goods and Service	2,297,091,500	0	2,297,091,500	1,290,056,133	1,007,035,367
Other Transfers	10,000,000	0	10,000,000	0	10,000,000
Other Expenses	298,660,167	0	298,660,167	193,893,276	104,766,891
Maintenance Expenses	245,721,818	0	245,721,818	49,494,829	196,226,989
Payment for Work in Progress	800,000,000	0	800,000,000	216,134,115	583,865,885
Acquisition of Property, Plant and Equipment	1,361,027,790	0	1,361,027,790	321,784,843	1,039,242,947
Total Payment	7,853,968,800	0	7,853,968,800	4,988,605,343	2,865,363,457
Net Receipts/Payments	0	0	0	164,607,441	(164,607,441)
Opening Balance Brought Forward				419,357,772	
Closing Balance C/Forward				583,965,213	

Notes 1 to 28 form part of these financial statements


.....
DIRECTOR GENERAL

26.3.2024
.....
DATE


.....
COUNCIL CHAIRPERSON

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023, 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 2023 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 Organization 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 Organization'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 Organization'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 Organization 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 Organization, 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 Organization's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Organization'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 Organization'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 30 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 Eight running motor vehicles which are carried out valuation. Four of these eights were acquired more than ten years ago.

Capital Works in Progress

The composition and movement in capital works in progress TZS 2,341,588,369 disclosed in the statement of financial position as at 30 June 2023 is summarised in the table below:

Particulars	30 June 2022	Addition in Monetary	Addition in non-monetary	Transfer	30 June 2023
Admin Building	1,064,818,473	216,134,115	788,350,675	(39,891,254)	2,029,412,009
Engineering Workshop	113,423,520	-	-	-	113,423,520
Machinery and Equipment	174,000,000	-	24,752,840	-	198,752,840
Mushroom Demo house	13,857,520	-	-	(13,857,520)	-
Sea Weed Project- Pemba	17,328,000	-	-	(17,328,000)	-
Total TZS	1,383,427,513	216,134,115	813,103,515	(71,076,774)	2,341,588,369

Source: WIP Register

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 Industry and Trade, Treasury Registrar and finally submitted to the parent Ministry for approval and tabling in the National Assembly by the responsible Minister during the 2022/23 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	2022/23 TZS	2021/22 TZS
Councillors Allowances & Meetings	10		
Councillors' Emoluments	-		-
Councillors Meetings	-	71,000,000	-
Total	-		-
Key Management Personnel Emoluments	7		
Salaries		324,690,500	289,751,000
Housing & Furnishings Allowances		18,000,000	-
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
Total	17	499,490,500	375,551,000

Source: Human Resource Annual Report for 2022/23

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 2023, 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.

NOTE 2: CASH AND CASH EQUIVALENT		2022/23	2021/22
	TZS	TZS	
BOT Bank Accounts Balances	8,757,664	39,154,584	
NMB Bank PLC	574,977,129	374,042,768	
CRDB Bank PLC	230,420	230,420	
Interbank Transfer	-	5,930,000	
Total	583,965,213	419,357,772	
NOTE 3: TRADE AND OTHER RECEIVABLES			
Trade Receivables	1,105,347,049	1,062,844,860	
Staff Receivables	326,876,709	378,532,591	
Other Receivables	36,292,172	19,310,218	
Total	1,468,515,930	1,460,687,669	
Less: Provision for Bad Debts	(140,017,308)	(140,017,308)	
Net Total	1,328,498,622	1,320,670,361	
NOTE 4: ADVANCES TO OTHER GOVERNMENT ENTITIES			
SUMA JKT - Civil contractor	253,634,558	626,404,080	
Total	253,634,558	626,404,080	

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NOTE 5: INVENTORIES		2021/22
	TZS	
Consumable and Supplies	104,168,530	
Total	104,168,530	

NOTE 6: PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2023

PARTICULARS	LAND	BUILDINGS	EQUIPMENT & MACHINERY	COMPUTER & PERIPHERALS	FURNITURE, FIXTURES & FITTINGS	AMMUNITION & LOOSE TOOLS	MOTOR VEHICLES	TOTAL
COST	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Balance at 1 July 2022	136,798,000,000	8,751,692,266	1,352,272,274	218,302,917	237,735,016	35,420,300	769,663,005	148,163,085,77
Additions - Cash	-	-	39,685,601	108,513,643	4,908,800	-	168,676,800	321,784,84
Additions - In kind (Note 22)	-	13,857,521	114,040,140	37,593,400	16,520,000	-	128,759,438	309,970,49
Transfer to Invest. Property (Note 9)	-	(150,234,000)	-	-	-	-	-	(150,234,000)
Balance at 30 June 2023	136,798,000,000	8,614,515,787	1,505,998,015	364,409,960	259,163,816	35,420,300	1,067,099,243	148,644,607,12
ACCUMULATED DEPRECIATION:								
Balance at 1 July 2022	-	1,469,003,188	957,610,833	155,730,057	210,219,421	22,388,534	241,213,851	3,056,165,88
Charge for Year	-	175,310,996	228,868,122	68,206,082	28,815,054	7,084,060	213,419,849	721,811,35
Transfer to Investment	-	(3,004,480)	-	-	-	-	-	(3,004,480)
Property (Note 9)	-	-	-	-	-	-	-	-
Balance at 30 June 2023	-	1,641,309,504	1,186,478,955	223,936,139	239,034,475	29,472,594	454,633,700	3,774,865,56
NET BOOK VALUE:								
At 30 June 2023	136,798,000,000	6,973,206,283	319,519,060	140,473,821	20,129,341	5,947,706	612,465,543	144,869,741,55

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 6(b): PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2022

PARTICUALRS	LAND		BUILDINGS		EQUIPMENT & MACHINERY		COMPUTER & PERIFERALS		FURNITURE, FIXTURES & FITTINGS		AMMUNITION & LOOSE TOOLS		MOTOR VEHICLES		TOTAL
	TZS		TZS		TZS		TZS		TZS		TZS		TZS		TZS
COST															
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		147,437,030,07
Additions During Year	-		-		2,650,000		52,082,700		5,050,000		1,110,000		615,288,005		676,180,70
Adjustments/ Transfer	-		-		-16,743,953		-40,456,798		57,200,751		-		49,875,000		49,875,000
Balance at 30 June 2022	136,798,000,000		8,751,692,266		1,352,272,274		218,302,917		237,735,016		35,420,300		769,663,005		148,163,085,77
ACCUMULATED DEPRECIATION:															
Balance at 1 July 2021	-		1,293,969,343		793,053,564		180,936,182		146,929,657		15,304,474		104,500,000		2,534,693,22
Adjustments/ Transfer	-		-		50,735,926		-66,484,020		15,748,094		-		-		-
Charge for Year	-		175,033,845		113,821,343		41,277,895		47,541,670		7,084,060		136,713,851		521,472,66
Balance at 30 June 2022	-		1,469,003,188		957,610,833		155,730,057		210,219,421		22,388,534		241,213,851		3,056,165,88
NET BOOK VALUE:															
At 30 June 2022	136,798,000,000		7,282,689,078		394,661,441		62,572,860		27,515,595		13,031,766		528,449,154		145,106,919,89

NOTE 7: CAPITAL WORK IN PROGRESS

	2022/23	2021/22
	TZS	TZS
Balance as at 1 July	1,383,427,513	1,374,310,494
Additions - Cash	216,134,115	65,482,982
Additions - Non-Cash (Note 22)	813,103,515	-
Total Additions	1,029,237,630	65,482,982
Sub total	2,412,665,143	1,439,793,476
Adjustment (Note 22)	-71,076,774	-56,365,963
Balance as at 30 June	2,341,588,369	1,383,427,513

NOTE 8: INTANGIBLE ASSETS

ACCOUNTING SOFTWARE

COST/ REVALUATION

Balance at 1 July	16,000,000	16,000,000
Revaluation Adjustment	-	-
Balance at 30 June	16,000,000	16,000,000

ACCUMULATED AMORTIZATION:

Balance at 1 July	13,152,344	12,203,125
Charge for Year (Note 18)	711,914	949,219
Balance at 30 Jun	13,864,258	13,152,344
NET CARRYING AMOUNT	2,135,742	2,847,656

NOTE 9: INVESTMENT PROPERTY

Cost at 1 July	2,412,970,301	2,412,970,301
Addition	-	-
Transfer at 30 June (Note 6)	150,234,000	-
Total	2,563,204,301	2,412,970,301
Accumulated Depreciation at 1 July	272,432,771	224,173,365
Transfer at 30 June (Note 6)	3,004,680	-
Depreciation at 30 June (Note 18)	48,259,406	48,259,406
Accumulated Depreciation at 30 June	323,696,857	272,432,771
Net Book Balances	2,239,507,444	2,140,537,530

NOTE 10: TRADE AND OTHER PAYABLES

Trade Payables	1,937,319,238	1,288,140,985
Employees' Benefits Payable	437,146,195	219,095,840
Utilities Payable	13,105,890	13,442,474
Deferred Rental Income	35,688,880	82,271,050
Withholding Tax Payable	7,549,206	46,932,800
VAT Payable	238,966,914	199,943,636
Total	2,669,776,323	1,849,826,785

NOTE 11: CAPITAL FUND

	2022/23 TZS	2021/22 TZS
Balance at 1 July	824,589,688	824,589,688
Amount Received	-	-
Less: Reclassification of Capital Grant	-	-
Balance at 30 June	824,589,688	824,589,688

NOTE 12: REVENUE FROM NON-EXCHANGE TRANSACTIONS

Government Revenue Expenditure Subvention (Note 12.1)	2,324,967,495	2,261,697,240
Government Development Fund	375,130,490	1,742,928,364
Industrial Mapping	-	450,000,000
Other Development Grants Received (Note 14)	-	529,709,779
TOTAL	2,700,097,985	4,984,335,383

NOTE 12.1: REVENUE EXPENDITURE SUBVENTIONS

Salaries - Permanent & Pensionable	1,969,927,000	1,916,504,000
Employer's Pensions Contributions	286,093,050	278,115,600
Employer's NHIF Contributions	59,097,810	57,495,120
Employer's WCF Contributions	9,849,635	9,582,520
Total revenue expenditure Subvention	2,324,967,495	2,261,697,240

NOTE 12.2: RECEIPTS FROM NON-EXCHANGE TRANSACTIONS

For the Purpose of the Cashflow Statement, Receipts from Non-Exchange Transactions consists of:

Revenue from Non-Exchange Transactions (Note 12)	2,700,097,985	4,454,625,604
Deferred Revenue in respect of Head Office Works	740,878,219	-
Total Receipts from Non-Exchange Transactions	3,440,976,204	4,454,625,604

NOTE 13: REVENUE FROM EXCHANGE TRANSACTIONS

Research and Consultancy Fees (Note 13.1)	786,356,562	1,175,175,097
Rental Income from Investment Property	901,669,266	781,399,622
Other Revenue (Note 13.2)	56,243,552	14,077,346
TOTAL	1,744,269,380	1,970,652,065

NOTE 13.1: RESEARCH AND CONSULTANCY FEES

Energy Services	-	63,716,067
Analytical Services	-	467,119
Environmental Services	-	182,530,301
Materials Science	5,908,800	93,265,967
Mechanical Workshop	-	380,000
Food Analysis Services	-	73,817,907
Special and General Consultancy	780,447,762	760,997,736
Total	786,356,562	1,175,175,097

NOTE 13.2: OTHER REVENUE

	2022/23	2021/22
	TZS	TZS
Conference facilities	-	200,000
Miscellaneous Income	31,143,552	12,839,442
Exchange Rate Gain/(Loss)	-	24,345
Sanitizer	-	1,013,559
Inventories Net realisable value	25,100,000	-
TOTAL	56,243,552	14,077,346

NOTE 13.3: CASHFLOW STATEMENTS

For the purpose of the cashflow statement, Revenue from Exchange

Transactions consist of the following:

Research and Consultancy Fees (Note 13.1)	786,356,562	1,053,557,903
Rental Income from Investment Property	869,636,466	745,909,592
Other Revenue (Note 13.2)	56,243,552	13,677,346
TOTAL	1,712,236,580	1,813,144,841

NOTE 14: OTHER DEVELOPMENT GRANTS RECEIVED

Bio-innovate (ICIPE)	-	54,223,991
SIDA Project	-	13,765,000
COSTECH-Accreditation	-	461,720,788
Other Grant - Non Monetary	187,784,438	-
TOTAL	187,784,438	529,709,779

NOTE 15: SALARIES, WAGES AND BENEFITS

Acting Allowance	1,316,000	4,250,000
Casual Labourers	22,925,750	21,839,890
Civil Servants	2,324,967,495	2,261,697,240
Councilors Allowance	54,674,899	-
Electricity	7,012,662	-
Electricity Allowance	6,318,816	9,840,000
Extra Duty	119,512,300	155,391,302
Facilitation Allowance	1,470,000	122,255,000
Food and Refreshment	45,642,650	-
Furniture Allowance	13,000,000	-
Honoraria	80,628,248	80,945,000
Housing Allowance	71,962,900	66,600,000
Leave Travel	18,096,400	25,995,267
Medical and Dental Refunds	440,000	482,000
Outfit Allowance	300,000	600,000
Professional Allowances	844,000	-
PSSSF	95,751	4,376,691
Responsibility Allowance	12,200,000	12,000,000
Sitting Allowance	67,865,500	29,590,000
Special Allowance	45,496,023	61,481,484
Subsistence Allowance	-	10,484,800
Telephone charges	6,417,500	-
Telephone Allowance	16,160,000	11,340,000
TOTAL	2,917,346,894	2,879,168,674

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NOTE 16: USE OF GOODS AND SERVICES

	2022/23	2021/22
	TZS	TZS
Accommodation	300,000	-
Advertising and publication	18,785,530	10,182,008
Air Travel Tickets	27,936,058	62,453,229
Books, Reference and Periodicals	650,000	-
Catering Services	-	32,551,400
Cleaning Supplies	2,063,323	2,512,000
Communication Network Services	-	1,100,000
Conference Facilities	-	7,590,000
Diesel	68,122,400	44,508,979
Donation	-	24,423,033
Electricity	75,701,950	79,069,937
Entertainment	34,090,000	21,700,000
Exhibition, Festivals and Celebrations	20,131,933	44,172,760
Food and Refreshments	21,152,030	46,485,000
Gifts and Prizes	-	15,000,000
Ground Transport (Bus, Train, Water)	74,123,481	211,060,071
Internet and Email connections	10,733,000	7,167,500
Laboratory Supplies	28,859,850	210,000
Land Rent Expenses	150,190,343	46,360,200
Newspapers and Magazines	782,000	569,000
Office Consumables (stationery)	49,421,983	122,344,940
Outsourcing Costs (cleaning and security services)	20,077,397	-
Per Diem - Domestic	459,909,170	549,103,000
Per Diem - Foreign	13,256,263	-
Posts and Telegraphs	4,802,200	882,700
Printing and Photocopying Costs	26,586,840	12,067,500
Rent - Housing	27,701,980	37,339,682
Research and consultancies	371,142,049	381,319,043
Subscription Fees	350,000	3,495,572
Training Allowances	19,040,210	-
Training Materials	104,276,518	106,243,134
Tuition fees	21,599,250	-
Uniforms	1,980,000	4,868,441
Upkeep of Grounds and Amenities	-	230,000
Valuation of NCA	-	9,130,508
Water Charges	16,146,664	12,551,160
Water Transport	1,440,000	-
Wire, Wireless, Telephone, Telex and Facsimile	-	2,352,000
TOTAL	1,671,352,422	1,899,042,797

NOTE 17: MAINTENANCE EXPENSES

Air conditioners	-	100,000
Cement, Bricks and Building Materials	-	51,008,525
Direct labor (contracted or casual hire)	-	14,537,980
Mechanical, electrical, and electronic spare parts	-	9,548,368
Motor Vehicles and Water Craft	3,366,103	-
Outsource maintenance contract services	39,385,119	68,887,822
Repair and Maintenance of Furniture	-	1,057,000
Spare Parts	1,686,675	-
Tyres and Batteries	5,056,932	-
TOTAL	49,494,829	145,139,695

NOTE 18: DEPRECIATION AND AMORTISATION EXPENSES

	2022/23	2021/22
	TZS	TZS
Buildings (Note 6)	175,310,996	175,033,845
Equipment & Machinery (Note 6)	228,868,122	113,821,343
Computer Peripherals (Note 6)	68,206,082	41,277,895
Furniture, Fixtures & Fittings (Note 6)	28,815,054	47,541,670
Ammunition & Loose Tools (Note 6)	7,084,060	7,084,060
Motor Vehicles (Note 6)	213,419,849	136,713,851
Total depreciation on Property, Plant & Equipment (Note 6)	721,704,163	521,472,664
Intangible Assets Amortization (Notes 8)	711,914	949,219
Investment Property (Notes 9)	48,259,406	48,259,406
Total depreciation and amortisation	770,675,483	570,681,289

NOTE 19: OTHER EXPENSES

Audit fees	54,198,440	59,480,000
Audit supervision expenses	4,150,000	32,570,000
Bank Charges and Commissions	1,076,502	4,657,400
Burial Expenses	2,590,000	1,760,000
Consultancy fees	6,473,500	16,811,156
Director's Fee	44,000,000	-
Insurance Expenses	29,456,604	16,934,616
Other asset adjustment	-498,400	-
Registration, Accreditation, Admission and Articulation	-	19,163,904
Total	141,446,646	151,377,076

NOTE 20: SOCIAL BENEFITS

Retirement benefits	51,796,230	36,105,000
Total	51,796,230	36,105,000

NOTE 21: PAYMENTS FOR CASHFLOW STATEMENT

21.1 Wages, Salaries and Employee Benefits

Wages, Salaries and Employee Benefits (Note 15)	2,917,346,894	2,879,168,674
Less: Changes in Employee Benefits Payable	(218,050,355)	48,680,246
Total payments per Cashflow Statement	2,699,296,539	2,927,848,920

21.2 Use of Goods and Services

Use of Goods and Services (Note 16)	1,671,352,422	1,899,042,797
Adjustments for:		
Changes in Trade payables	(649,178,253)	981,648,166
Changes in rental income deferred	46,582,170	
Changes in VAT Payable	(39,023,278)	
Advances to other business entities	372,769,522	
Changes in staff receivable/imprest	51,655,882	
Other changes (unreconciled)	(1,871,873)	
Total payments per Cashflow Statement	1,452,286,592	2,880,690,963

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	2022/23	2021/22
	TZS	TZS
21.3 Other Expenses		
Other Expenses (Note 19)	141,446,646	151,377,076
Adjustment for:		
Changes in Utilities payable	39,383,594	-
Changes in other receivables	16,981,954	
Total payments per Cashflow Statement	197,812,194	151,377,076

NOTE 22: RECONCILIATION OF THE SURPLUS FROM ORDINARY

ACTIVITIES WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2022/23	2021/22
	TZS	TZS
(Deficit)/Surplus for the year	-969,960,701	1,273,472,918
Adjustment for non-cash item:		
Depreciation of Property, Plant and Equipment (Notes 6)	721,704,163	521,472,663
Amortization of intangible Assets (Notes 8)	711,914	949,219
Depreciation of Investment Property (Note 9)	48,259,406	48,259,406
Adjustment on Work in Progress (Note 7)	71,076,774	56,365,963
Non cash WIP Additions (Note 7)	-813,103,515	-
Non cash PPE additions (Note 6)	-309,970,499	-
Cash flow after adjustment for Non-Cash items	-1,251,282,458	1,890,520,169

WORKING CAPITAL MOVEMENTS:

Decrease/(increase) in Inventories	21,506,051	-29,697,759
Decrease in Trade and Other Receivable	-7,828,261	-162,135,198
Decrease/(Increase) in Advances to Other Govt, Entities	372,769,522	-589,646,540
Increase/(Decrease) in Trade and Other Payable	819,949,538	-462,722,102
Increase in deferred income	740,878,219	-
Increase in customer deposits	6,533,789	-
Net Cash Flow from Working Capital	1,953,808,858	-1,244,201,599

NET CASH FLOW FROM OPERATIONS

	702,526,400	646,318,570
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TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE: 23: EXPLANATIONS ON DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Description	Original Budget		Reallocations / Adjustments		Final Budget (B)		Actual Amount on Comparison Basis (A)		Difference Final Actual (B-A)		Reasons for Variation
	TZS		TZS		TZS		TZS		TZS		
RECEIPTS:											
Subvention from Other Government Entities	4,001,400,000		0		4,001,400,000		3,440,976,204		560,423,796		Under disbursed Development Budget Fund during the year for the Construction of Administration building. Payment in kind worth TZS 187,784,438 was received from a donor.
Other Grants - Research	184,500,000		0		184,500,000		0		184,500,000		Over estimate of the Research and Consultancy services
Revenue from Exchange Transactions	2,792,644,339		0		2,792,644,339		857,500,114		1,935,144,225		Over estimate of the rent revenue.
Other Revenue	875,424,461		0		875,424,461		854,736,466		20,687,995		
Total Receipts	7,853,968,800		0		7,853,968,800		5,153,212,784		2,700,756,016		
PAYMENTS:											
Wages, Salaries and Employee Benefits	2,841,467,525		0		2,841,467,525		2,917,242,147		-75,774,622		New recruitment applied not approved, Promotion and Increment
Use of Goods and Service	2,297,091,500		0		2,297,091,500		1,290,056,133		1,007,035,367		Over estimate of procurements of goods and services budget.
Other Transfers	10,000,000		0		10,000,000		0		10,000,000		Over estimate of other expenses budget.
Other Expenses	298,660,167		0		298,660,167		193,893,276		104,766,891		Over estimate of Maintenance cost budget.
Maintenance Expenses	245,721,818		0		245,721,818		49,494,829		196,226,989		Development Funds Subvention not disbursed on time.
Payment for Work in Progress	800,000,000		0		800,000,000		216,134,115		583,865,885		Development Funds Subvention not disbursed on time.
Acquisition of Property, Plant and Equipment	1,361,027,790		0		1,361,027,790		321,784,843		1,039,242,947		

Controller and Auditor General

AR/PA/TIRDO/2022/23

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

Acquisition of Intangibles	0	0	0	0	0
Receipts from Sales of Government Assets	0	0	0	0	0
Total Payment Net	7,853,968,800	0	7,853,968,800	4,988,605,343	2,865,363,457
Receipts/Payments	0	0	0	164,607,441	-164,607,441
Opening Balance Brought Forward				419,357,772	
Closing Balance C/Forward				583,965,213	

NOTE 24: PRIOR YEAR ADJUSTMENTS

	2022/23 TZS	2021/22 TZS
Overstated imprest and other receivables	-	-11,069,499
Assets Adjustments - Note 6(b)	-	49,875,000
TOTAL	-	38,805,501

During the year 2021/22, the amount of TZS 11,069,499 was 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 in the year 2021/22 was 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: OTHER TRANSFERS

	2022/23 TZS	2021/22 TZS
Contribution to Consolidated Fund (CF)	-	10,000,000
TOTAL	-	10,000,000

NOTE 26: CURRENCY

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

NOTE 27: 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 2023, that warrant disclosure or adjustments to the amounts included in the financial statements as at that date, as required by IPSAS 14.

NOTE 28: COMPARATIVES

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