



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



**TOBACCO RESEARCH INSTITUTE OF TANZANIA**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2022**

ISO 9001:2015 Certified

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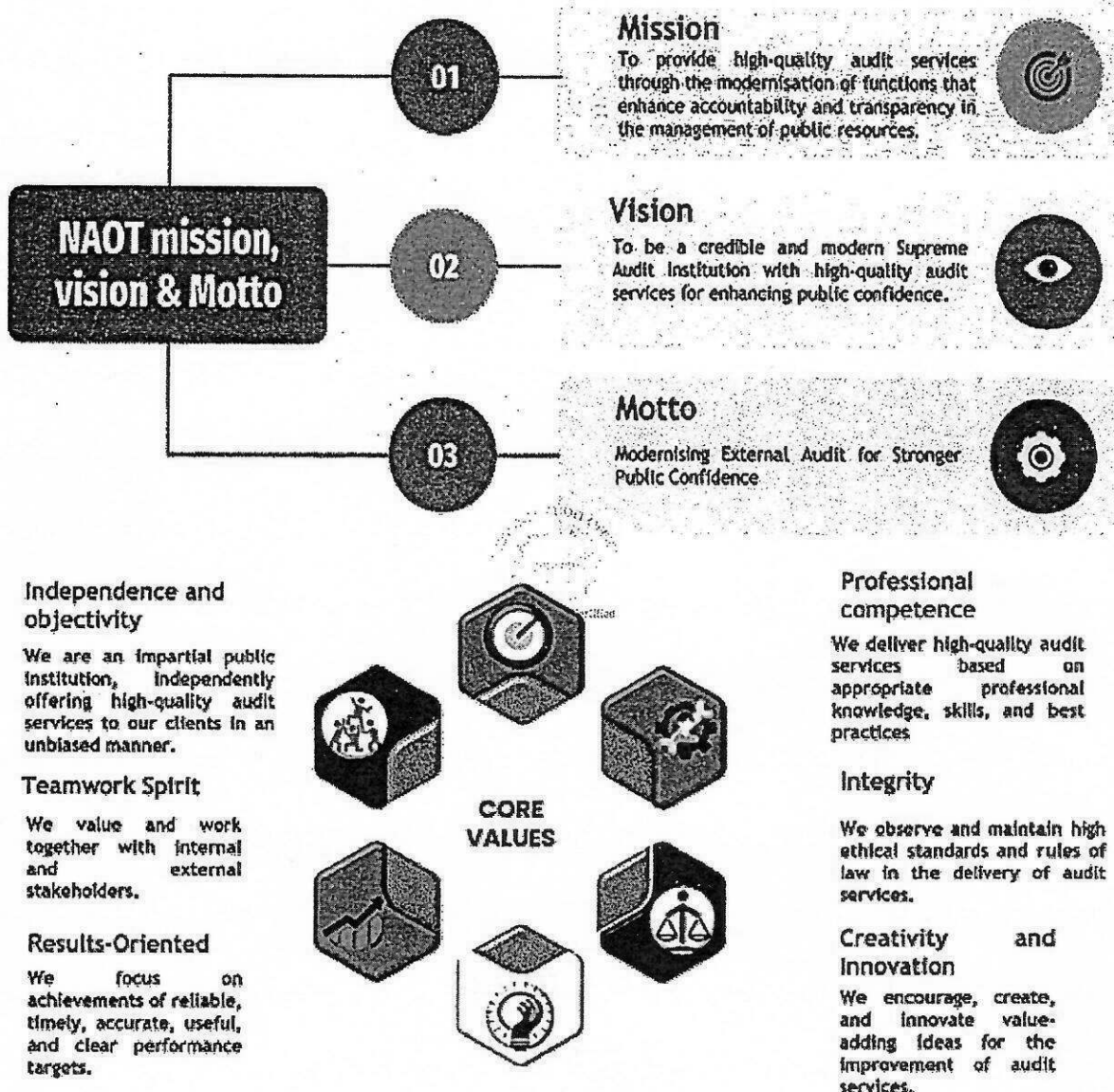
March 2024

AR/CG/TORITA/2021/22

## About the National Audit Office

### Mandate

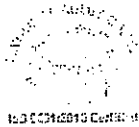
The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.



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

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## Abbreviations

<b>BOT</b>	Bank of Tanzania
<b>CAG</b>	Controller and Auditor General
<b>CAN</b>	Calcium Ammonium Nitrate
<b>COASCO</b>	Co-operative Audit and Supervision Corporation
<b>DAT</b>	Day after Transplanting
<b>EGA</b>	e-Government Agency
<b>GPSA</b>	Government Procurement and Supplies Agency
<b>IESBA</b>	International Ethics Standards Board for Accountants National
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAIs</b>	International Standard of Supreme Audit Institutions
<b>M &amp; E</b>	Monitoring and Evaluation
<b>MUSE</b>	Mfumo wa Uhasibu Serikalini
<b>NBAA</b>	Board of Accountants and Auditors
<b>NHIF</b>	National Health Insurance Fund
<b>NMB</b>	National Microfinance Bank
<b>PPA</b>	Public Procurement Act
<b>PPR</b>	Public Procurement Regulations
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSSSF</b>	Public Service Social Security Fund
<b>R &amp; M</b>	Repair and Maintenance expenses
<b>TORITA</b>	Tobacco Research Institute Of Tanzania
<b>TRA</b>	Tanzania Revenue Authority

## 1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Research Director,  
Tobacco Research Institute of Tanzania,  
P.O. Box 431.  
Tabora.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the financial statements of the Tobacco Research Institute of Tanzania which comprise the statement of financial position as of 30 June 2023, the statement of financial performance, the 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 Tobacco Research Institute of Tanzania as at 30 June 2023, and its financial performance and its cash flows for the year that 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.

#### Emphasis of the matter

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

Note 22 of the financial statements indicates that on 15 December 2023 the Government announced that it will transfer all the operations of TORITA to Tanzania Agricultural Research Institute (TARI) by June 2024. Transfer of TORITA operations to TARI do not affect the financial statements of the year end 30 June 2022, however this condition requires attention in the audit of the financial statements for the financial year 2023/24.

#### 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 the Tobacco Research Institute of Tanzania 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 Statement of the Board Chairman, Statement of Research Director, statement of Director's responsibility, and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

### **Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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, key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication. In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON COMPLIANCE WITH LEGISLATION**

### **1.2.1 Compliance with the Public Procurement Laws**

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

I performed a compliance audit on the procurement of works, goods, and services in the Tobacco Research Institute of Tanzania for the financial year 2021/22 as per the Public Procurement laws.

#### **Conclusion**

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

#### **Unrealistic estimates in Annual Procurement Plan (APP)**

I found out that significant variance between the planned and actual procurement. Despite a budget totalling TZS 572,376,652, TORITA only managed to procure items worth TZS 426,332,043.93. This discrepancy left unprocured items valued at TZS 146,044,608.07, constituting 26% of the budgeted procurement. This deviation from the Public Procurement Regulations, 2013, particularly Reg. 69(6-7), is concerning as it mandates procuring entities to base estimates on prevailing market prices provided by the Authority and regularly updated.

**Micro procurement not reported to Tender Board TZS 11,601,937.44**

Regulation 166 (7) of PPR 2013 (amended 2016) requires all micro and minor procurements to be reported to the tender board monthly by the holder of delegated authority, using the appropriate procedural form issued by the Authority. Additionally, the Seventh Schedule of the Public Procurement Regulations, 2013, specifies that the threshold for procurement through micro and minor procurements is up to TZS 5,000,000 and TZS 10,000,000 respectively.

The audit reviewed delegated tender board minutes files at TORITA and sampled payment vouchers for procurements noted that, micro procurements amounting to TZS 11,601,937.44 were not reported monthly to the respective delegated tender board in violation of the above mandate.

### 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 Tobacco Research Institute of Tanzania 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, except for the matters described below, the Budget formulation and execution of the Tobacco Research Institute of Tanzania is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

#### **Absence of budget committee**

I observed that the institute lacks a budget committee, which goes against the requirements of the Budget Regulations. According to Regulation 17(1) of the Budget Regulation, 2015, requiring accounting officers must establish a budget committee, with the accounting officer serving as its chairman.

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

March 2024



## 2.0 STATEMENT OF THE BOARD CHAIRMAN

On behalf of the Board of Directors for the Tobacco Research Institute of Tanzania (TORITA), I am consenting to present the TORITA Annual Report for the financial year 2021/22. This is the twenty-two Annual Report since the establishment of TORITA on 31 October 2000.

The Annual Report comply the report on the implementation of the research activities under the Budget approved by the Parliament for the year 2021/22. The second is the Annual Report of the Controller and Audit General (CAG) and the audited financial statements for the financial year ended 30 June 2022.

The TORITA Board of Directors is pleased to report that the audited financial statements present fairly in all audited areas, the financial position of the TORITA, and its financial performance and its cash flows for the year ended on 30 June 2022 as per the International Public Sector Accounting Standards (IPSAS).

The current Board of Directors is the seventh under the first three-year term ended on 30<sup>th</sup> June 2022. In the first three-year term, the board signed a performance contract with the Treasurer Registrar for the financial year 2021/22 and in this period realized most of the important working tools were not in place and therefore, tasked the Management to establish working tools document including reviewing the existing financial regulations, scheme of service and salary structure. Furthermore, the Management was tasked to establish the TORITA Board Charter and Codes of Ethics, TORITA Clients Service Charter. All these documents were developed and approved by the Board. However, other documents such as the TORITA Staff Incentive Scheme are under the Treasurer Office for review and the staff Training Program is under development.

TORITA were doing both tobacco crop research and statutory research. However, the incoming of the Seventh Board in its first three-year term, directed the Management of TORITA to conduct research based on the stakeholder's demand and the statutory research such as evaluation of new tobacco varieties, use of recommendable agrochemicals and fertilizers. Therefore, in the year 2020, TORITA established its first Stakeholders Workshop in Tabora on 25 August 2020; the second stakeholder workshop was held in Kahama on 20 August 2021 and the third stakeholder was held in Chunya on 25 August 2022.

The Seventh Board of Directors facilitated TORITA getting Developing Funds from the Government through the Ministry of Agriculture. For the first time since its establishment, TORITA received Development Funds to the tune of TZS 297,504,943 for research and tobacco seed production. The funds were received while TORITA was understaffed and without procurement experience. Thus, the new staff Driver and the Procurement Officer were employed in November 2022. However, not all procurement matters were undertaken as the institute did not receive the registration code from PPRA. (Public Procurement Regulatory Authority).

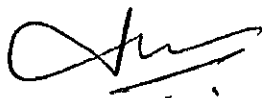
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The Management was directed by the TORITA Board of Directors to take into consideration the analysis of stakeholders' strengths, weaknesses, opportunities and challenges in developing MTEF for the 2021/22 financial year to meet the expectations. In alignment with the Ruling Party Election Manifesto of 2020-2025, TORITA Strategic Plan 2020-25 and ASDP II, the MTEF budget and plan for the financial year 2021/22 emphasized the development and promotion of new improved tobacco varieties, seed production to raise own source fund & reliable access of improved seeds by farmers, better use of fertilizers, and identification of alternative energy sources for tobacco curing.

Taking services to Tobacco growers and a multitude of Tanzanians for increased visibility is among the Board's directives to TORITA (Tobacco Research Institute of Tanzania). Lastly, the Board serves with the understanding that TORITA is a non-profit institute offering services to Tanzanians with great contributions from the Tanzania Government. Thus, during the financial year 2021/22 the institute observed the Government directives and set aside part of the financial resources to contribute to the Government of the United Republic of Tanzania as a consolidated fund.

The TORITA Board of Directors will continue monitoring TORITA's joining MUSE 'Mfumo wa Uhasibu Serikalini' after completing a series of training and establishing MUSE infrastructures by the financial year 2022/23 including recruiting new Government Staff to ensure effective adherence to all allocated budget lines. On behalf of the TORITA Board of Directors, I would like to thank the Ministry of Agriculture for its financial and staff resources allocation to TORITA and the TORITA Staff who executed a great role in producing tobacco seed for the first time and meeting the seed demand by 98.55%.



Prof. Gratian M. Rwegasira

**BOARD CHAIRMAN**

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**STATEMENT OF THE RESEARCH DIRECTOR**

The Tobacco Research Institute of Tanzania (TORITA) is mandated to research tobacco crops in improving productivity per unit area using low-toxicity agrochemicals and high-quality fertilizers according to the specifications suitable for tobacco. The institute has a research substation located at Mtanila in Chunya district. Thus, TORITA is pleased to present the 22<sup>nd</sup> of its Annual Report for the financial year 2021/22. The report entails the research activities reports and the financial statements for the year ended on 30 June 2022.

The financial year annual report covers the implementation of research activities in the areas of tobacco varieties evaluation, tobacco seed production, on-farm evaluation of Minjingu fertilizers, on-station evaluation of blended N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> fertilizer, registration of new tobacco varieties, renovation of laboratory, purchasing of molecular laboratory equipment, evaluation of efficacy use of agrochemicals, breeding of new tobacco varieties to suit local environment and seed packets production. All these activities are governed by the TORITA Strategic Plan for the year 2015-2025.

The completed activities as core research included research activities TZS 153,390,390; training and technology transfer TZS 7,762,400; seed production TZS 130,682,712, staff travelling TZS 70,867,519, Board meetings TZS 61,046,719 and motor vehicle expenses TZS 8,717,253. These activities were accomplished despite challenges faced during implementation following inadequate funds received from the tobacco stakeholders and the government (Development Funds). However, during the 2021-22 financial year, the salaries received by staff recorded at TZS 255,396,000 which is an increase by TZS 31,905,927 equivalent to 14.28%; other charges (OC) recorded at TZS 17,136,662 an increase of TZS 283,622 equivalent to 1.68%; development fund reached TZS 297,504,943 an increase by TZS 101,660,234 equivalent to 51.91% compared to the 2020-21 financial year.

The funds received as own source from the tobacco stakeholders for the financial year 2021-22 were recorded at TZS 406,463,576 an increase by TZS 195,060,309 equivalent to 92.27% and for the funds received from the Government recorded at TZS 570,037,605 Compared to TZS 436,187,822 2020- 2021including salaries, Other charges and Development Fund an increase of TZS 133,849,783 equivalent to 30.69% compared to the 2020-21 financial year. Therefore, for the financial year 2021-22 ended on 30 June 2022, the tobacco stakeholder's funds contribution was 41.63% ( TZS 406,463,570 out of Total Revenue of TZS 976,501,181) while the contribution from the Government was 58.37%. ( TZS 570,037,605 out of Total Revenue of TZS 976,501,181). In the aspect of expenses, administrative and research expenses were recorded at TZS 582,718,420, personnel expenses were recorded at TZS 339,234,872, business expenses were recorded at TZS 12,000,000 and finance charges were recorded at TZS 1,876,589.

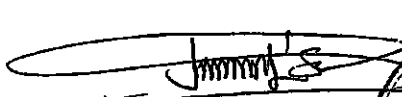
All activities carried out during the 2021/22 financial year were audited by the Internal Auditor and among key issues observed and requested the Management to work on is checking the accuracy of bank reconciliation for funds received and expenditures, poor recording of

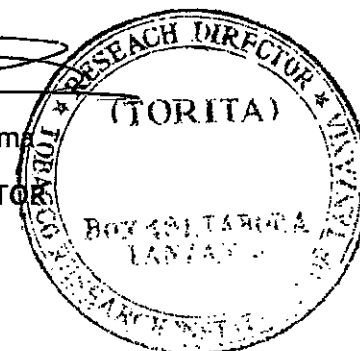
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payment vouchers, lack of supporting documents and unstamped payment vouchers. The Account Unit had only one staff and we employed a contracted staff to support the finance unit and tasked them to work out of the limitations observed by the Internal Auditor. Furthermore, towards the closure of the financial year 2021/22 we were given a staff employment permit and five staff were employed including an Accountant with a CPA qualification.

Finally, I wish to extend my sincere appreciation to the TORITA Board of Directors for their guidance and critical criticism towards improving the research activities and, to the Management team for supporting the implementation of administrative, research and training activities. Furthermore, I wish to appreciate initiatives from the Minister of Agriculture, Hon. Hussein Bashe (MP) under the good leadership of H.E. Samia Suluhu Hassan, the President of the United Republic of Tanzania for supporting us development funds to revive the core operation of TORITA research during the 2021/22 financial year.

  
Dr. Jacob B. Lisuma  
RESEARCH DIRECTOR



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

Those Charged with Governance present this report and the audited financial statements for the financial year ended 30 June 2022, which disclose the state of affairs of the Tobacco Research Institute (TORITA).

The report is addressed to primary users and other stakeholders by setting out an analysis of the Corporation's operations and financial review, with a forward-looking orientation. The report will assist primary users and other stakeholders in assessing the strategies adopted by the Corporation and the potential for those strategies to succeed in creating value over the short-term, medium-term and long-term periods.

**INCORPORATION**

TORITA was originally incorporated in Tanzania under the Companies Ordinance Cap 212 on 31 October 2000, which was repealed by the Company Act No.12 of the year 2002 as a company limited by guarantee, having no share capital. TORITA operations are governed by the Board of Directors which oversees the conformity of the institute's operations to her mandates and adherence to laws and regulations of the land that governed the establishment of the Institute.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2022

1. INTRODUCTION

The Tobacco Research Institute (TORITA) is a Public Research Institution under the Ministry of Agriculture tasked with a specific mandate on the Research and Development of Tobacco crops. It operates in a similar capacity as TACRI on Coffee and TRIT on tea crops. Before these changes, TORITA was originally incorporated in Tanzania under the Companies Ordinance Cap 212 on 31 October 2000, which was repealed by the Company Act No.12 of the year 2002 as a company limited by guarantee, having no share capital. TORITA operations are governed by the Board of Directors which oversees the conformity of the institute's operations to her mandates and adherence to laws and regulations of the land that governed the establishment of the Institute. It is by the power bestowed on the Board that, the Directors present this report and the audited financial statements for the financial year ended 30 June 2022, which disclose the state of affairs of the Tobacco Research Institute (TORITA).

2.0 VISION, MISSION, CORE VALUES AND FUNCTIONS

2.1 Institute's vision

"To become an excellent research institution that contributes to the increase of tobacco productivity and quality, through managing pests and diseases, environment and curing facilities".

2.2 Institute's mission

"To promote and increase the quality of tobacco produced in the country and improve the livelihood of tobacco growers and stakeholders through the adoption of good agricultural technologies that conserve the environment for the sustainability of the crop".

2.3 Core values

Core value means a root belief or principle that the Institute operates from or views as being of central importance. Therefore, the core values of TORITA are transparency, accountability, integrity, teamwork, professionalism, excellence, partnership and equity.

2.4 Core functions

The core functions of TORITA are to:

- a) To research to increase the production and quality of tobacco crops and their glazing using sustainable environmental protection technology to enhance alternatives of fuel wood usage, and food security, and increase farmer's income and foreign exchange for the country.
- b) To research appropriate pesticides to control tobacco crop pests/diseases and explore the best fertilizer standards for the production of quality tobacco based on international standards.

- c) To disseminate developed agronomic technologies to tobacco growers and provide them with entrepreneurship education and appropriate use of funds for their livelihood.
- d) To extend the results of the research to the tobacco industry and the broader scientific community through field visits, publications, reports, conferences and seminars.

### 3.0 BOARD OF DIRECTORS

The roles of the TORITA Board of Directors include but are not limited to the following;

- i) To set forth policies that will guide the Management in the conduct of its day-to-day activities;
- ii) To ensure the effectiveness and integrity of the Institution's governance process;
- iii) To conduct statutory meetings with the Management to discuss various operational matters related to the Institution's core business and agree on the best ways of rectifying deviations from planned performance;
- iv) To analyze and approve the Institution's short/long-term plans;
- v) To ensure that the Institution abides by all statutory requirements as related to the respective establishing laws;
- vi) To account for the Institution's performance to stakeholders;
- vii) To approve the Institution's annual budget at the Institution level and to ensure that the usage of funds is effectively managed and controlled;
- viii) To analyze and approve the Institution's Organization Structure, Scheme of Service, Staff Regulations, Financial Regulations and other relevant documents and thereafter submit the same to the Treasury Registrar for analysis and final approval arrangements;
- ix) The Board shall approve the budget and accounts of the Institution before submitting to the relevant Government Authorities.

### 3.1 Composition of the Board of Directors

The TORITA Board of Directors as from 1 July 2021 to 30 June 2022 is listed in Table 1.

Table 1: Board members for the period of 01 July 2021 to 30 June 2022

S/N	NAME	POSITION	QUALIFICATION	STATUS	AGE	NATIONALITY
01	Prof. Gration M. Rwegasira	Director of Quality Assurance Bureau (SUA)	PhD. Plant Virus Epidemiology	Chairman	49	Tanzanian
02	Dr Tulole Bucheyeki	Center Director of Ministry of Agriculture	PhD. Plant Breeding	Member	58	Tanzanian
03	Mr. Juma Mwanga	General Manager Songea Namtumbo Agricultural	Dip. Accountancy	Member	39	Tanzanian

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S/N	NAME	POSITION	QUALIFICATION	STATUS	AGE	NATIONALITY
		Marketing Union (SONAMCU)				
04	Mr. David S. Mayunga	Agronomy Director Alliance One Tobacco Tanzania (AOTTL)	MSc. Agronomy	Member	54	Tanzanian
05	Mr. Stanley N. Mnozya	Director General Tanzania Tobacco Board (TTB)	MA. Development Studies	Member	44	Tanzanian
06	Mr. Stelio Cambouropolous	Chairman Southern Highlands Tobacco Growers Association (SHITGA)	Cert. Agriculture Science	Member	57	Tanzanian
07	Mr. Pius N. Killo	General Manager Lake Tanganyika Tobacco and Coffee Growers Co-operative Union (LATCU)	MSc Project Management	Member	50	Tanzanian

The Institute's Board secretary as of 30<sup>th</sup> June 2022 was Dr Jacob Bulenga Lisuma.

### 3.2 Performance by the Board of Directors

During the year 2021/22, the Board of Directors conducted 3 out of 4 ordinary meetings including the Board Committees and the following were resolved: -

- Discussed and approved write-off of unjustifiable creditors
- Discussed and approved Internal Audit Charter, Audit and Risk Committee Charter, Incentive Scheme, TORITA amended Organization Structure, Revised Staff Regulation, TORITA Board and Treasurer Registrar 2022-23 Performance Contract, Capacity Building Plan and Training Program, TORITA HIV Policy, TORITA Charter and TORITA Occupation Health and Safety Policy.
- Recruitment of a Driver and Procurement Officer.
- Discussed and directed on the institutional re-orientation to match with Government Directives.
- Discussed and approved the new composition of Board members.
- Discussed and approved TORITA Budget for the 2022/23 for submission to the Ministry of Agriculture

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**Note:** It should be noted that the Board of Directors did not meet in one of the quarterly meetings due to financial constraints. A letter was written to the Treasure Registrar in this regard.

### 3.3 Committees of the Board

The Tobacco Research Institute (TORITA) Board of Directors has the following Board Committees that serve as the Board's close supervisory arm of the institute: -

#### 3.3.1 Planning, Finance, Human Resource and Administration

The composition of the Planning, Finance, Human Resource and Administration Board Committee for the reporting period was as shown in Table 2:

Table 2: Planning, Finance, Human Resource and Administration Board Committee

Directors	Secretary - Co-opted	Functions/ToRs
1. Mr. Juma Habibu (Chairperson) 2. Mr. Stanley Mnozya	CA, HRA-TORITA	<ul style="list-style-type: none"> <li>• Scrutinizing issues on the general budget and key areas for funds allocation, disciplinary actions</li> <li>• Oversee posts for recruitment, promotion and motivation of staff</li> </ul>

During the year 2021/22, the committee met on 21 October 2021 to review the TORITA proposed Budget for 2022-23 and financial regulations. The committee also met on 22 June 2022 and online on 29 June 2022 to review the incentive scheme, capacity building plan, HIV policy, TORITA occupation health and safety and revised organization structure. The committee recommended to the Board for the endorsement of the reviewed documents. Thus, the 63<sup>rd</sup> Board of Directors meeting held on 22 October 2021, the 64<sup>th</sup> Board of Directors meeting held on 23<sup>rd</sup> June 2022 and the 65<sup>th</sup> Board meeting held online on 30 June 2022 endorsed the reviewed documents and forwarding to the Treasurer Registrar for the final approval.

#### 3.3.2 Auditing, Monitoring and Evaluation

The composition of the Auditing, Monitoring and Evaluation Board Committee for the reporting period was as shown in Table 3:

Table 3: Auditing, Monitoring and Evaluation Board Committee

Directors	Secretary - Co-opted	Functions/ToRs
1. Mr. Stelio Cambouropolous (Chairperson)	CIA-TORITA	<ul style="list-style-type: none"> <li>• Oversee the auditing issues/auditors report, accountability of funds and</li> </ul>

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2. Mr. Pius Killo	CA-TORITA	assets versus implemented activities
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During the year 2021/22, the committee met on 21 October 2021, 22 June 2022 and 29 June 2022 through a webinar to review the Internal Audit Report, unjustifiable creditors, and discussed and endorsed the Internal Audit Charter, Audit and Risk Committee Charter. All the reviewed documents were finally submitted to the 64<sup>th</sup> Board of Directors meeting held on 23 June 2022 and the 65<sup>th</sup> Board meeting held online on 30 June 2022 for approval.

### 3.3.3 Research, Training, Technology Transfer and Resource Mobilization Committee

The composition of the Research, Training, Technology Transfer and Resource Mobilization Board Committee for the reporting period under the Chairmanship of Dr. Tulole Bucheyeki as shown in Table 4:

**Table 4: Research, Training, Technology Transfer and Resource Mobilization Board Committee**

Director	Secretary - Co-opted	Functions/ToRs
1. Dr. Tulole Bucheyeki (Chairperson) 2. Mr. David Mayunga 3. Prof. Gratian M. Rwegasira	HoRD,  HoTT - TORITA	<ul style="list-style-type: none"> <li>Oversee implementation of research, training, and technology transfer activities</li> <li>Ensure adequate funds through the mobilisation of resources</li> </ul>

During the year 2021/2022, the committee met on 21 October 2021, 22 June 2022 and 29 June 2022 to review research and training reports, TORITA Charter, the new Board composition members, Performance Contract between the Treasurer Registrar and TORITA Board of Directors for the 2022-23 financial year. All reviewed documents were submitted for approval to the 63<sup>rd</sup>, 64<sup>th</sup> and 65<sup>th</sup> Board meetings held on 22 October 2021, 23 June 2022 and 30 June 2022 respectively.

## 4. CORPORATE GOVERNANCE

The Board of TORITA consists of nine (9) Directors. However, during the financial year 2020-21, the membership of two board members expired and hence resulted in having remaining seven members for the financial year 2021-22. The process was carried out to refill the position, but the two names recommended had no merits and qualifications as per the Treasurer Registrar guidelines. The Board takes overall responsibility for the Institute, including overseeing research activities, responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the Performance of Management Business Plans and Budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles. The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Research Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Institute's operational activities, acting as a medium of communication and coordination between all the various business units.

The Institute is committed to the principles of effective corporate governance. The directors also recognise the importance of integrity, transparency and accountability.

The Board of Directors met three (3) times during the year under audit.

#### **5. CAPITAL STRUCTURE**

The Institute capital structure for the year under review (2021/22) is reflected on accumulated reserves essentially surpluses (Note 2-8) resulting from government subvention against the expenditure of the Institute.

#### **6. MANAGEMENT**

The Management of the Institute is under the Research Director and is organized in the following Departments:

- i. Finance, Human Resources and Administration
- ii. Research
- iii. Training and Technology Transfer

#### **7. AFFILIATION TO THE INSTITUTE**

A total of six (6) key role players in the Tobacco sector are recognized as affiliate members of TORITA. These are divided into three (3) categories as indicated below:

##### **7.1.1 Grower members who include:**

- i. A primary cooperative society registered by the Tanzania Tobacco Board (TTB) to grow tobacco between 0.8 to 30 hectares
- ii. An association registered by TTB to grow tobacco not less than 30 hectares and
- iii. Any person registered by TTB to grow tobacco as a medium or large-scale farmer cultivating more than 30 hectares of tobacco

##### **7.1.2 Trading members:**

- i. Trading Companies who are engaged in purchasing tobacco in Tanzania and selling the same in Tanzania as either processed or unprocessed locally or processed in export markets

- ii. Trading companies engaged in the primary processing of tobacco in Tanzania and those who are engaged in the manufacturing of cigarettes in Tanzania

**7.1.3 Associate members:**

- i. Persons or Corporations connected with the tobacco industry and or agricultural and training Institutes and who are not eligible as members in (1) to (5) above, Member from a Government institution, Sokoine University of Agriculture (SUA) and Tanzania Tobacco Board

**8. FUTURE DEVELOPMENT PLANS**

The Institute will continue to improve its sustainability through the introduction of innovative research focusing on value-added technologies, customer-oriented services, and expansion of its resource base for improved internally generated funds while carefully managing both costs and risks. The institute will continue to focus on improving productivity and introducing new products to the market.

**9. OPERATIONAL PERFORMANCE REVIEW FOR THE YEAR 2021/22**

During the financial year that ended on 30<sup>th</sup> June 2021 the following 10 research activities (10) were carried out using internally generated resources/research levies and development funds;

**9.1 Registration of new tobacco varieties**

During the financial year 2021-22, two varieties were registered for use in Tanzania. These include YUNNAN 85 variety originating from China and KRK26R originating from Zimbabwe, which is resistant to the Tobacco Mosaic Virus (TMV). The purpose of the registration for the Yunnan 85 was to meet one of the China conditions to meet the marketing demand for a variety with high nicotine. TORITA has already submitted an official letter (Ref: TOR/TR/02/06/VOLIII/40 dated 28.03.2022) to inform the Tanzania Tobacco Board (TTB) of the completion of research and registration of Yunnan 85. However, the ownership of the variety remains under "Yunnan Academy of Tobacco Agricultural Science-Tobacco Breeding Research Southern Center - CNT".

The merits of the YUNNAN 85 variety include drought resistance, attaining 22 broad leaves, on-farm yield of 1,800 kg/ha, nicotine content of 3%, resistance to Tobacco Mosaic Virus (TMV), yielding grades from lemon for unfertilized tobacco to orange for fertilized tobacco and growing very well in Chunya, Mpanda and Songea zones.

**9.2 Evaluation of new flue-cured varieties**

New tobacco flue-cured varieties (AOV212, AOV405 and AOV 815) from Brazil were evaluated for the first time in the financial year 2021-23 as a late planted crop transplanted on the fourth week of December 2021 (Mtanila, Chunya) and on the first week of January 2022 at Tumbi, Tabora and Ulowa, Kahama. Despite being planted late only two varieties performed better than AOV405 as follows (Table 5-7);

- AOV 815 had the highest yield ranging from 1,671 to 2,049 kg/ha followed by
- AOV 212 ranging from 1,546 to 1726 kg/ha

The trials will continue for the 2022-23 financial to similar locations.

**Table 5: Green leaf yield, dry leaf yield and grade indices and Nematode infestation of flue-cured tested variety at Tumbi, Tabora site**

T/No.	Treatments	Green leaf yield (kg/ha)	Dry leaf yield (kg/ha)	Grade Index	Nematodes infestation
1	AOV 212	10111bc	1546a	0.3115	0
2	AOV 405	8438a	1406a	0.3995	1
3	AOV 815	10224bc	1671a	0.4153	0
4	RG 17	9045ab	1398a	0.4918	3
5	K 326	10488c	1655a	0.3865	2
G Mean		9661	1535	0.401	
F-test		0.024	0.375	0.864	
L.s.d		1261.2	386.4	0.3784	
CV (%)		11.4	9.6	32.5	

NB: Means followed by different letters are significantly different by Duncan New Multiple Range  $P < 0.05$ , ns = non-significant

**Table 6: Green leaf yield, dry leaf yield and grade indices and Nematodes infestation of flue-cured tested variety at Mtanila, Chunya**

T/No.	Treatments	Greenleaf yield (kg/ha)	Dryleaf yield (kg/ha)	Grade Index	Nematodes infestation
1	AOV 212	29746a	1725ab	1.241a	0
2	AOV 405	30669a	1759ab	1.118a	0
3	AOV 815	34920ab	2049b	0.958a	0

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4	RG 17	38149ab	1529a	1.637a	1
5	K 236	41226b	1532a	0.939a	2
GMean		34942	1719.	1.18	
F-test		0.114	0.106	0.326	
l.s.d		9795.5	421.5	0.792	
CV (%)		16	4.6	19.2	

NB: Means followed by different letters are significantly different by Duncan New Multiple Range  $P < 0.05$ , ns = non-Significant

Table 7: Green leaf yield, dry leaf yield and grade indices and Nematodes infestation of flue-cured tested variety at Ulowa, Kahama site

T/No.	Treatments	Green leaf yield (kg/ha)	Dry leaf yield (kg/ha)	Grade Index	Nematodes infestation
1	AOV 212	11411	1668b	1.4092	0
2	AOV 405	10438	1349a	1.1251	1
3	AOV 815	10557	1932b	1.4335	0
4	RG 17	9045	1290a	0.6123	2
5	K 236	9821	1683b	0.3372	2
GMean		10255	1584	0.9835	
F-test		0.263	0.009	0.197	
l.s.d		2269.6	318.5	1.14708	
CV (%)		3.8	6.8	27.4	

NB: Means followed by different letters are significantly different by Duncan New Multiple Range  $P < 0.05$ , ns = non-significant

### 9.3 Research on on-station YARA blended NPK and on-farmers Minjingu NPK/CAN

#### i. YARA Blended $N_{10}P_{18}K_{24}$

In the 2021-22 financial year, there was a shortage of tobacco compound  $N_{10}P_{18}K_{24}$  fertilizer in Tanzania due to the lockdown (COVID-19 pandemic) that affected fertilizer production in Europe. Therefore, tobacco stakeholders agreed to be supplied with a YARA blended  $N_{10}P_{18}K_{24}$  as it is cheap and performance elsewhere is good. Nevertheless, the price for a blended  $N_{10}P_{18}K_{24}$  bag was also high, reaching \$ 44.50 in the 2021-22 crop season compared with \$ 34.5 in the 2020-21 crop season. Tobacco Research Institute of Tanzania (TORITA) took responsibility for evaluating YARA blended  $N_{10}P_{18}K_{24}$  fertilizer and comparing the tobacco crop yields and quality with the standard compound  $N_{10}P_{18}K_{24}$  fertilizer. The  $N_{10}P_{18}K_{24}$  compound fertilizer contains three component nutrients: nitrogen, phosphorus, and potassium, while the blended  $N_{10}P_{18}K_{24}$  is blended mechanically to supply balanced nutrients to the soil.

The results showed that significant ( $P \leq 0.001$ ) lowest dry leaf yield ( $854.04 \pm 111.64$  kg/ha) was recorded in the absolute control (T1). The dry tobacco leaf yields of  $1665.07 \pm 217.17$  kg/ha) resulted from the plots fertilized with the blended  $N_{10}P_{18}K_{24}$  at 7 DAT followed by the CAN 27% top-dressed fertilizer after 21 DAT (T2). Nevertheless, did not differ significantly with the tobacco dry leaf yield of  $1501.94 \pm 144.11$  kg/ha from the plots fertilized with the standard compound  $N_{10}P_{18}K_{24}$  at 7 DAT (Day after Transplanting) followed by CAN 27% top-dressing fertilizer at 21 DAT (T4). Therefore, indicating that the performance of these fertilizers was the same. However, for more increased tobacco leaf yields, the current study recommends the application of the blended  $N_{10}P_{18}K_{24}$  basal fertilization at 21 DAT, followed by CAN (Calcium Ammonium Nitrate) 27% top-dressing fertilizer at 35 DAT as it yielded significantly ( $P \leq 0.001$ ) dry leaf of  $2144.18 \pm 77.16$  kg/ha (Table 8). The final report was submitted to the Tanzania Fertilizer Regulatory Authority on 25.04.2022 through a letter with reference number TOR/TR/10/23/61.

Table 8: Effect of different YARA fertilizers on tobacco dry leaf yields

Treatments	Leaf area (cm <sup>2</sup> )	Green leaf yield (kg/ha)	Dry leaf yield (kg/ha)
T1 - Absolute control	$522.89 \pm 44.80c$	$17495.17$ $1773.06b$	$\pm 854.04 \pm 111.64b$
T2 - Blended $N_{10}P_{18}K_{24}$ 7 DAT+CAN 21 DAT	$737.80 \pm 44.12b$	$32420.80$ $4324.52a$	$\pm 1665.07 \pm 217.17a$ b
T3 - Blended $N_{10}P_{18}K_{24}$ 21 DAT+CAN 35 DAT	$914.58 \pm 35.78a$	$36819.71$ $2416.87a$	$\pm 2144.18 \pm 77.16a$
T4 - Standard $N_{10}P_{18}K_{24}$ 7 DAT+CAN 21 DAT	$857.45$ $22.49ab$	$\pm 30593.72$ $1952.63a$	$\pm 1501.94 \pm 144.11b$
F-statistics	20.92***	8.77**	13.16**

This means that the same category of evaluated interface sharing similar letter(s) do not differ significantly based on their respective Standard error (SE) at a 5% error rate. Values presented are means $\pm$ SE  $\bar{x}$  (Standard error of means); \*, \*\*, \*\*\* means significant at  $P<0.05$ ,  $P<0.01$ ,  $P<0.001$ .

**ii. On-farm evaluation of Minjingu N10P18K24 and CAN 27%.**

The waves of COVID-19 still affected the 2021-22 cropping season as the price of imported tobacco fertilizer is still very high, the use of fertilizer that is cheap, locally available and affordable to small-scale tobacco growers may provide a solution to the tobacco industry. There has been no locally produced blend tobacco N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> fertilizer for the past decade. However, currently, Tanzania can purposely utilise the blending of minjingu organic hyperphosphate (MoHP) rock into N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> fertiliser for flue-cured tobacco production. The typical natural MoHP used is composed of 29-30% P<sub>2</sub>O<sub>5</sub>, 38-40% CaO, 3.2% MgO and small analyses of several other elements including micro-nutrients such as Fe, Zn, Mn and Cu. Since this natural MoHP is reached in P, the blending to NPK fertilizers used N from NH<sub>4</sub> (7.1% N) and NO<sub>3</sub> (2.9% N), while a source of K (K<sub>2</sub>O) was derived from muriate of potash-MOP (25%) and sulphate of potash-SOP (75%). Based on N's importance in tobacco, a top dressing of minjingu CAN27% N was also blended, containing 14% N from NH<sub>4</sub> and 13% N from NO<sub>3</sub> with an additional 1.7% MgO and 3% CaO, and 3% S. The minjingu N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> and CAN27% were also blended using organic and inorganic fertilizers to improve fertilizer quality for tobacco products based on Tanzania tobacco fertilizer specifications.

Across the sites, the tobacco plants fertilized with minjingu basal N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> fertilizer and top-dressed with minjingu CAN27% (T2) yielded 1942.59kg ha<sup>-1</sup> of dry tobacco leaf, which did not significantly ( $P\leq 0.001$ ) differ with a yield of 2033.64kg ha<sup>-1</sup> from fertilized plots with the standard N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> and top-dressed with the standard CAN27% (T1). The tobacco plants fertilized with standard N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> and top dressed with the minjingu CAN27% produced a higher 1738.88kg ha<sup>-1</sup> of dry leaf yield next to T2, and all had the same grade index with almost the same leaf area. Thus, indicating that minjingu CAN27% fertilizer contributed significantly to yield increase when applied in combination with minjingu N<sub>10</sub>P<sub>18</sub>K<sub>24</sub> (Table 9). The final report was submitted to the Tanzania Fertilizer Regulatory Authority (TFRA) on 13.05.2022 through a reference letter TOR/TR/13F/23/63.

**Table 9. Green, Dry Leaf Yields and Leaf Area of Tobacco Produced Using Standard and Minjingu Fertilizers**

Sites	Green Leaf Yield (kg ha <sup>-1</sup> )	Dry Leaf Yield (kg ha <sup>-1</sup> )	Leaf Area (cm <sup>2</sup> )
Tabora	15820.13 $\pm$ 1328.38 b	1412.96 $\pm$ 157.38 b	717.64 $\pm$ 54.93 b
Chunya	16198.35 $\pm$ 1483.89 b	1448.52 $\pm$ 139.79 b	731.79 $\pm$ 57.32 b

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Urambo	19079.00±1342.65 a	1764.07±162.47 a	790.72±46.41 a
<b>Treatments</b>			
T1 - Standard NPK + Standard CAN27%	20402.90±929.58 a	2033.64±64.49 a	834.38±21.68 a
T2 - Minjingu NPK + Minjingu CAN27%	19791.32±1013.88 ab	1942.59±82.16 a	825.75±22.61 a
T3 - Minjingu NPK + Standard CAN27%	17793.85±783.33 b	1515.43±66.77 c	873.85±31.33 a
T4 - Standard NPK + Minjingu CAN27%	19443.23±1003.13 ab	1738.88±80.34 b	823.11±34.24 a
T5 - Absolute Control	7731.19±808.79 c	478.70±58.63 d	376.51±23.10 b
<b>2 WAY ANOVA</b>			
Site (S)	10.01***	31.89***	3.67*
Treatment (T)	52.86***	201.33***	63.45***
Interaction (S×T)	1.62ns	1.22ns	0.72ns

This means that the same category of evaluated interface sharing similar letter(s) do not differ significantly based on their respective standard error (SE) at a 5% error rate. Values presented are means±SE  $\bar{x}$  (Standard error of means); \* $P<0.05$ , \*\*\* $P<0.001$ ; ns=non-significant ( $P\geq 0.05$ ).

#### 9.4 Research on suitable insecticides for tobacco

Research on agrochemicals trials for GIMIDACY 70WG (Imidacloprid), GIMETHRIN 25EC (Deltamethrin), TEGATA ZC (Lambda-Cyhalothrin 9.5% + Thiamethoxam 12.6%) and PROTECTOR 700WG were evaluated for efficacies in controlling the insects in tobacco. While GIMAOTEA Super 305 EC was evaluated for inhibiting tobacco suckers.

Results showed that Gimidacy 70 WG at the level of 10 ml in 20 litres of water decreased significantly ( $P<0.001$ ) levels of aphids and grasshoppers. The same level contributed to the increased green (13009.26 kg/ha) and dry leaf yield (2601.85 kg/ha) than the standard Bamethrin 2.5EC, which had 8592.59 and 1718.52 kg/ha for green and dry leaf yields, respectively. Therefore, for the control of aphids and grasshoppers in the field, the current study recommends 10 MLS of Gimidacy 70 WG mixed in 20 litres of water to both seedbeds and fields. Thus, a 100 ml bottle of Gimidacy 70 WG is sufficient for application in one hectare. The report for the GIMIDACY 70 WG was submitted to Tanzania Plant Health and Pesticides Authority (TPHPA) on 20.12.2021 through a cover letter with reference number TOR/TR/20/3/43.

Results for TEGATA ZC at 15 ml in 10 litres of water showed decreased significantly ( $P<0.001$ ) levels of budworms and grasshoppers than the Confidor control treatment at 10 g in 10 L of water. Therefore, the application of TEGATA ZC at 15 ml mixed in 10 L of water is sufficient for controlling pests in tobacco crops at the seedbed and fields. For one hectare, a bottle of 150 ml (TEGATA ZC) is sufficient for the spray against pests in the tobacco field of 16,666 plant population. The report for TEGATA ZC was submitted to Tanzania Plant Health and Pesticides Authority (TPHPA) on 27.04.2022 through a cover letter with reference number TOR/TR/20/3/44.

The results for Protector 700WG at all rates outweigh the commonly used pesticides. The difference in the number of pests between Protector 700WG and Bamethrin 2.5EC was significant at  $P<0.005$  also, in dry and green weights, the yield was significantly different at  $P<0.005$ . However, when yield and number of insects were compared among the rates of Protector there was no significant difference. From these results, farmers are advised to apply Protector 700WG at the rate of 0.15kg/ha by dissolving it in 200 litres of water. The report for Protector 700 WG was submitted to Tanzania Plant Health and Pesticides Authority (TPHPA) on 29.08.2022 through a covering letter with reference number TOR/TR/13/5/53. GIMETHRINE 25EC and GIMAOTEA Super 305EC reports have been completed and retained in our file pending receiving final payments.

#### 9.5 Tobacco leaf loss report

One of the constrain for the low tobacco production in Tanzania is the leaf loss as it was reported during the tobacco stakeholders meeting in Kahama on 24 August 2021. Therefore, TORITA decided to research to quantify the leaf losses. The report revealed that tobacco losses start from seedling preparation where seed sowed per standard seedbed of 30m<sup>2</sup> (6g, 8g and 9g) results in many weak seedlings and hence low survival rate of seedlings in the field. Also, the results show that tobacco leaf loss is caused by low topping height whereby the majority of the farmers top an average of 15 leaves per plant. The study also showed that higher leave loss occurs at the stage of reaping to curing where the results show that farmers lose about 18276 leaves per hectare which is equivalent to 6.65% of the total leaves per hectare from harvesting to curing. Another leave loss occurs from grading to balling where the results show that farmers lose about 3.3% of the dry weight per hectare. The study shows that in total farmers lose about 9.95% of the total weight per hectare. Many factors have been found to cause leaf loss these factors are; poor handling, diseases, local beliefs, poor knowledge, low income and weather.

#### 9.6 Tobacco seed production and renovation of tobacco seed storage room

TORITA for the financial year 2021-22 produced flue-cured tobacco seed (K326) in Mtanila, Chunya (1 ha) and at Tumbi, Tabora (5 ha). However, due to erratic rainfalls and the incidence of pests that affected flowers (setting up seeds), the total harvested areas were 3.5 ha including Mtanila and Chunya. Therefore, a total of 253.53 kg of K326 was produced. All

seed produced was purchased by tobacco companies and given free of charge to their contracted farmers registered by the Tanzania Tobacco Board (TTB). However, there was a deficit of 96 kg of which TORITA assisted tobacco companies to outsource outside the country as follows 50 kg of K326, 3kg of PVH2275 and 3 kg of PVH2254 (Mkwawa Tobacco Leaf Limited) and 40 kg of KRK26R (Voedsel Tobacco Limited). The demand for seeds was higher for the current season as a result of the two giant tobacco companies (Voedsel Tobacco Limited and Mkwawa Tobacco Leaf Limited) entering into business.

During the 2021-22 a tobacco seed room was renovated and fitted patterns and equipment to allow the cooling condition for seed preservation during the storage period. However, in the coming financial year, TORITA will purchase a generator to support the power just in case there is a power interruption to protect and make the seed viable.

#### **9.7 Laboratory renovation and sourcing of laboratory equipment**

The laboratory was renovated followed by purchasing of nutrient and molecular laboratory equipment such as Polymerase Chain Reaction (PCR), Disruptor Gene, Gel Electrophoresis, Nanodrop Lite Spectrophotometer, Photometer, pH meter, Centrifuge, Automatic Potentiometer Titrator and Dry Block Heater.

#### **9.8 Purchasing Tractor**

During the financial year 2021-22, a New Holland Tractor (TT3.50-4WD-50Hp) was purchased to support land ploughing and carrying research tools during the experimental layout.

#### **9.9 Stakeholders engagement**

TORITA conducted a one-day workshop in Kahama on 20<sup>th</sup> August 2021 aimed at informing the key tobacco stakeholders on the research findings carried out during the 2020/21 cropping season. The stakeholders were satisfied with the research for new tobacco varieties, fertilizer trials, pests and disease control. However, they requested TORITA to research how to minimize crop losses as the losses are too much to bear for farmers.

#### **9.10 Publications of Research Findings**

During the 2021-22 financial year, the institute managed to publish five research articles in various journals as follows;

1. Lisuma, J.B., Mbwambo, A.F., Erick, Z.A., Pessa, A.E., Joel, A.P. and Maerere, E.S., 2021. Efficacy of emamectin benzoate (3.4 ME) in the control of caterpillar (*Spodoptera litura* F) in tobacco (*Nicotiana tabacum* L) crop in Tanzania. Tanzania Journal of Agricultural Sciences, Vol. 20. No. 2. 309-316
2. Lisuma, J.B., Philip, A.J., Ndakidemi, P.A. and Mbega, E.R., 2022. Assessing residue effects of tobacco nicotine on the yields, nutrient concentrations and nicotine uptake of a subsequent maize crop. Field Crops Research, 277, p.108401.

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3. Dunda, D., Muna, E., Ilomo, I., Philip, A., Erick, Z., Raphael, M., 2022. Evaluation of honey quality concerning nicotine content in Urambo and Same District. International Journal of Research in Applied, Natural and Social Sciences, Vol. 10. No. 3. 29-36.
4. Muna, E., Abdallah, J., Monela, G., Ishengoma, R., Dunda, D., 2022. Efficiency of sawdust briquettes as an alternative source of energy for tobacco curing in Tabora, Urban District, Tabora Region. International Journal of Science and Research. Vol. 11. No. 4. 1332-1336.
5. Lisuma, J.B., Muna, E.I., Mbwambo, A.F., Pessa, A.E., Mbaio, K.S., Malley, Z.J., 2022. Suitability of Blended Minjingu Fertilizers for Flue-Cured Tobacco Production in Tanzania's Sandy Soils. J Mod Agric Biotechnol, 2022; 1(3): 13. DOI: 10.53964/jmab.2022013

#### 10. ADMINISTRATIVE MATTERS AND STAFF WELFARE

During the reporting period, issues of administration and management were critically considered and decisions were made as detailed below;

##### 10.1 Staff promotion

During the 2021-22 financial year three staff were promoted (Table 10).

Table 10: Staff promotion

SN	Staff name	Check No.	Department	New title	Promotion date
1.	Erick Zawadi Anthony	110985911	Mafunzo	Afisa Mafunzo Daraja la I	15 Julai 2021
2.	Andrew Edmund Pessa	111812377	Utafiti	Afisa Kilimo Msaidizi I	15 Julai 2021
3.	Jumanne Joseph Kahema	111812386	Utafiti	Fundi Sanifu Maabara I	15 Julai 2021

##### 10.2 Recruitment of new staff

During the financial year 2020/21 the following staff (Table 11) were recruited to TORITA

Table 11: New Employed Staff

SN.	Name	Job title	number	Comment
1	Gaspar Kimario	Accountant II	1	Reported
2	Geofrey Vicent Gama	Research Officer II	1	Reported
3	Emmanuel Augustino	Driver II	1	Reported
4	Valentine Clement	Procurement Officer II	1	Reported

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	Mwamafupa			
5	Jacob C Masunga	Human Resource Officer II	1	Reported
	TOTAL	5	5	

**10.3 Available staff during the 2021-22 financial year**

TORITA has thirteen (13) permanent staff (Table 12), and eleven (14) contracted staff (Table 13) making a total of 27 staff that executed various activities during the financial year 2021/22 that ended on 30<sup>th</sup> June 2022.

**Table 12: TORITA permanent staff existed in the 2021/22 Financial Year**

No.	Name	Title	Comment
1.	Dr. Jacob Lisuma	Research Director	At work
2.	Mr. Daniel Mezza	Accountant	At work
3.	Ms. Proscovia Projest	Human Res & Adm Officer	At work
4.	Ms. Donatha Dunda	Head of Train & Tech Trans	At work
5.	Ms. Hawa Mdee	Personal Secretary I	At work
6.	Ms. Herieth Ngati	Recording Keeping officer	At work
7.	Mr. Elimboto Muna	Research Officer	At work
8.	Ms. Magdalena Raphael	Research Officer	At work
9.	Mr. Zawadi Erick	Acting Head of Research	Studying
10.	Mr. Andrew Pessa	Field Officer	At work
11.	Mr. Jumanne Kahema	Lab Technician	At work
12.	Mr. Lendina Long'oi	Human Res & Adm Officer	At work
13.	Mr. Yona Mtana	Internal Auditor I	At work

**Table 13: TORITA contracted staff existed in the 2021/22 Financial Year**

No.	Name	Title	Comment
01.	Mr. Gerald K. Ndunguru	Senior Driver	At work
03.	Mr. Elly Maerere	Field officer	At work

04.	Mr. Abraham Furahin	Assistant Research Officer	At work
05.	Mr. Khalfani Mbao	Field Officer	At work
06.	Mr. Yusuph Mwengo	Security Officer	At work
07.	Mr. Silas Samson	Security Officer	At work
08.	Ms. Felister John	Office Attendant	At work
09.	Mr. Amon Philip	Research officer	At work
10.	Ms. Prisca Nade	Legal Officer	At work
11.	Mr. Michael Jonathan	ICT Officer	At work
12.	Ms. Catherine Mgaya	Accountant	At work
13.	Ms. Julitha Toroya	Procurement Officer	At work
14.	Mr. Ajali Mohamed	Driver	At work

#### 11. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Institute system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30.06.2017 and is of the opinion that they met the accepted criteria.

**12. SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors confirms that TORITA has adequate resources to continue in operational existence for the foreseeable future.

**13. EMPLOYEES' WELFARE**

**13.1 Management and Employees' Relationship**

There is a good relationship between employees and management for the year 2019/2020. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade unions. The Institute is an equal-opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

**13.2 Training Facilities**

When presenting its annual budget for the year 2021/2022, the Institute put aside a sum of TZS 20,000,000 for staff training to improve employees' technical skills and hence effectiveness (previous year TZS 20,000,000). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development. During the year 2021/2022, the Institute spent TZS 8,618,200 for training purposes.

**13.3 Medical Assistance**

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed of medical insurance guaranteed by the Institute. The medical source is provided through the National Health Insurance Fund (NHIF).

**13.4 Health and Safety**

The Institute has a strong health and safety department, which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

**13.5 Financial Assistance to Staff**

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

**13.6 Persons with Disabilities**

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Institute continues and appropriate training is arranged. It is the policy of the Institute that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**13.7 Employees Benefit Plan**

The Institute pays contributions to publicly administered pension plans on a mandatory basis which qualifies to be a defined contribution plan. The number of employees during the year was 13 (*previous year: 14*).

**14. GENDER PARITY**

The Institute had 27 employees, out of which 9 were female and 18 were male.

**15. RELATED PARTY TRANSACTIONS**

All related party transactions and balances are disclosed in Note 1.1.7 to these financial statements.

**16. POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Institute did not make any political contribution during the year. Contributions made this year were the social contribution of TZS 1,376,698 to the community.

**17. AUDITORS**

Controller and Auditor General (CAG) are the Auditors of the Institute based on resolutions made by the Board Meeting on 23 June 2022 and reaffirmed by the subscribers and the 22 Annual General meetings held on 15 and 16 September 2022, respectively. A resolution proposing their reappointment as the Institute's auditors for the subsequent financial year will be put to the ending quarter of the Board meeting before 30 June.

**18 OPERATING AND FINANCIAL REVIEW**

**18.1 Analysis of Financial Performance**

**18.1.1 Revenue from Exchange Transactions**

For the Financial year ended 30 June 2022 the Agency managed to collect TZS 406,463,576 as revenue from exchange transactions compared to TZS 211,403,267 collected in 2020/21 was due to the rise of Tobacco production as shown below;

	2021/2022	2020/2021
Revenue	TZS	TZS
Tobacco Trial fees	51,392,546	32,548,471
Tobacco Research Levy	336,642,030	178,854,796

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Seed Sales	18,429,000	0
	406,463,576	
TOTAL		211,403,267

#### 18.1.2 Revenue from Government Subvention

For the Financial year ended 30 June 2022 and 2021, Non-exchange Revenue is shown in the table below. The increase in non-exchange revenue was due to the approval of Transferred and contracted staff also there was a rise in Development Funds and Other charges as the Government put more effort into supporting agricultural research in the country.

	2021/22	2020/21
	TZS	TZS
Personal Emoluments (Salaries)	255,396,000	223,490,073
Other Charges	17,136,662	16,853,040
Development Fund Local	297,504,943	195,844,709
Total	<u>570,032,205</u>	<u>436,187,822</u>

#### 18.2. Expenses

##### 18.2.1 Administrative Expenses

During the financial year 2021/22 the amount spent for Administrative and operation functions of the Institute was TZS 582,718,420 compared to TZS 195,298,172 in 2020/21. This was due to an increase in the production of tobacco seeds and research activities.

##### 18.2.2 Personnel Expenses

The Institute incurred a total expenditure of TZS 339,234,822 for The year ended 30 June 2022 compared to TZS 269,133,091 reported in the year ended 30 June; 2021. This was due to staff transfers and the recruitment of contracted staff.

##### 18.2.3 Business Expenses

The institute incurred a total audit expenditure of TZS 12,000,000 for the year ended 30 June 2022 compared to TZS 12,000,000 reported in the year ended 30 June 2021.

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**18.3.0 Analysis of Financial Position**

**18.3.1 Total Assets.**

The Institute had a total asset of TZS 718,234,215 at the end of the financial year 2021/22 compared to TZS 792,190,234 in 2020/21. The increase was due to the purchase of office equipment.

**18.3.2.1 Property, Plant and Equipment (PPE)**

During the year ended 30 June 2022, the Institute had PPE amounting to TZS 701,061,928 compared to TZS 498,443,335 in Financial 2020/21.

**18.3.2.2 Depreciation Charged for Property, Plant and Equipment**

Depreciation charged during the year was TZS 106,230,726 compared to TZS 64,311,310 in 2020/21.

**18.3.3 Additions to Property, Plant and Equipment**

During the year, the Institute made the addition of assets monetary amounting to TZS 198,951,085 and Non-monetary TZS 0 compared to TZS 0 and TZS0 respectively in the financial year ended 2020/21.

**18.3.4 Receivables**

The Institute had receivables of TZS 9,042,014 at the end of the financial year, 2021/22 compared to TZS 165,383,895 in 2020/21.

The Age analysis trade receivables for the year ended 30.06.2022 are as shown below; ABOVE 365 DAYS.

**18.3.5 Cash & Cash equivalent**

The Institute had a Cash and Cash equivalent of TZS 6,872,973 at the end of the financial year 2021/22 compared to TZS 117,960,805 in 2020/21

	2021/2022	2020/2021
CRDB BANK PLC A/C 01J1069759500	2,748,811	1,744,609
CRDB BANK PLC A/C 01J1077106901	2,267,864	9,863,955
NMB MIHAYO	814,120	26,047,746
BOT DODOMA	1,042,178	80,304,495
<b>Total</b>	<b>6,872,973</b>	<b>117,960,805</b>

**18.3.5 Inventories**

The Institute had Inventories of TZS 1,257,300 at the end of the financial year, 2021/22 compared to TZS 10,702,199 in 2020/21

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**18.3.7 Payables and accruals**

Payables and accruals for the financial year 2021/2022 were TZS 55,131,367 compared to TZS 114,417,431 in 2020/2021. The payables and accruals were divided as follows:

	2021/22	2020/21
	TZS	TZS
<b>VENDOR NAME</b>		
COASCO/CAG	12,000,000	24,000,000
NHIF Director	9,812,112	10,396,662
NSSF Director	8,491,010	8,488,450
PSPF Director	3,016,178	3,411,182
Trade creditor	14,224,122	14,224,122
TRA	5,440,665	1,954,012
EGA	-	6,822,612
Staffs claim	1,997,280	45,120,391
Other Payables	150,000	
<b>Total</b>	<b>55,131,367</b>	<b>114,417,431</b>

**18.3.8 Equity/Net Assets**

The Agency capital structure for the year ended 30 June 2022 consists of Tax Payer funds of TZS 728,662,225 and Accumulated Deficit of TZS 65,559,377

**BY ORDER OF THE BOARD**

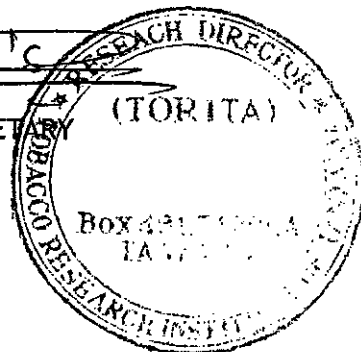
SIGNATURE: 

DESIGNATION: BOARD CHAIRMAN

DATE: 29.09.2022

  
BOARD SECRETARY

29.09.2022



### 3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY

The Institute's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position as of 30 June 2022, the Statement of Financial Performance, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, the Statement of Comparison of Budget and Actual Amount and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, by International Public Sector Accounting Standards (IPSAS) Accrual Basis.

The Directors' 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 directors have assessed the institute's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the financial year ahead.

#### **Date of authorisation**

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

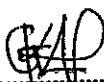
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4.0 DECLARATION OF THE HEAD OF FINANCE

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management in discharging the responsibility of preparing financial statements of Tobacco Research Institute of Tanzania Tobacco Research Institute of Tanzania (TORITA) showing a true and fair view of the entity's 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 Board of Directors as under the Directors Responsibility statement on an earlier page.

I CPA GASPER KIMARIO being the Head of Finance/Accounting of the Tobacco Research Institute of Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) Accrual Basis.

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

  
.....  
Signed by:  
CPA GASPER KIMARIO

NBAA Reg No. GA: 10256

Date: 16 August 2023

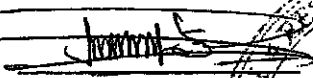
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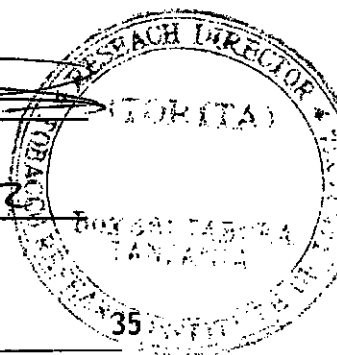
5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2021/22 TZS	2020/21 TZS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	6,872,973	117,660,805
Inventories	3	1,257,300	10,702,199
Trade and other Receivables	4a	9,042,014	73,036,982
Prepayments	4b	0	92,346,913
<b>Total Current Assets</b>		<b>17,172,287</b>	<b>293,746,899</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	701,061,928	498,443,335
<b>Total Non-Current Assets</b>		<b>701,061,928</b>	<b>498,443,335</b>
<b>TOTAL ASSETS</b>		<b>718,234,215</b>	<b>792,190,234</b>
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	6	55,131,367	114,417,431
Deferred Corporate grant			-
<b>Total Liabilities</b>		<b>55,131,367</b>	<b>114,417,431</b>
<b>Net Assets</b>		<b>663,102,848</b>	<b>677,772,802</b>
<b>EQUITY</b>			
Surplus/(Deficit)	7	(65,559,377)	106,168,236
Taxpayer's Fund	8	728,662,225	571,604,566
<b>Net Equity</b>		<b>663,102,848</b>	<b>677,772,802</b>

Signature:   
Designation: Board Chairman  
Date: 29/9/2022

Signature:   
Designation: Board Secretary  
Date: 29/09/2022



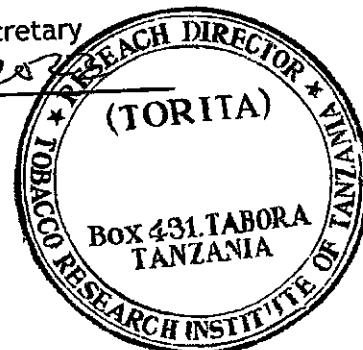
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		2021/22	2020/21
	NOTE	TZS	TZS
<b>REVENUE</b>			
Revenue from exchange transactions	9	406,463,576	211,403,267
Revenue From Government Subvention	9	570,037,605	436,187,822
<b>Total Revenue</b>		<b>976,501,181</b>	<b>647,591,089</b>
<b>LESS: EXPENSES</b>			
Administrative Expenses	10	582,718,420	195,298,172
Personnel Expenses	11	339,234,822	269,133,091
Business Expenses	12	12,000,000	12,000,000
Finance charges	13	1,876,589	680,279
Depreciation	4	106,230,726	64,311,310
<b>Total Expenses</b>		<b>1,042,060,558</b>	<b>541,422,853</b>
<b>Surplus / (Deficit) for the year</b>		<b>(65,559,377)</b>	<b>106,168,236</b>

Signature: \_\_\_\_\_  
Designation: Board Chairman  
Date: 29/9/2022

Signature: \_\_\_\_\_  
Designation: Board Secretary  
Date: 29.09.2022



THE UNITED REPUBLIC OF TANZANIA  
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TOBACCO RESEARCH INSTITUTE OF TANZANIA  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

DESCRIPTIONS	Taxpayer Fund	Accumulated	Total Equity
		Surplus/Deficit	
		TZS	TZS
Balance as of 01.07.2021	677,772,802	-	677,772,802
Addition Valuation Building	50,889,422	-	50,889,422
The deficit for the year	-	(65,559,377)	(65,559,377)
Balance as at 30.06.2022	728,662,224	(65,559,377)	663,102,847

Signature: \_\_\_\_\_

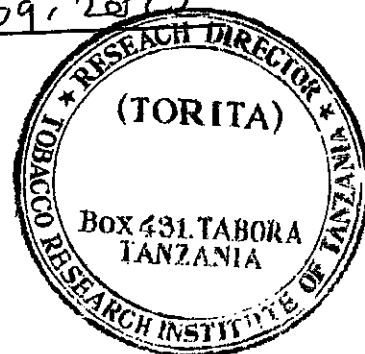
Designation: Board Chairman

Date: 29/9/2022

Signature: \_\_\_\_\_

Designation: Board Secretary

Date: 29/09/2022




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5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2021/22	2020/21
	TZS	TZS
<b>CASH FLOW GENERATED FROM OPERATING ACTIVITIES</b>		
Revenue from exchange transactions	406,463,576	211,403,267
Revenue From Government Subvention	570,037,605	436,187,822
Cash paid to suppliers and employees:		
Administrative Expenses	(535,526,517)	(263,793,140)
Personnel Expenses	(339,234,822)	(269,133,091)
Business Expenses	(12,000,000)	(12,000,000)
Bank charges	(1,876,589)	(680,279)
Net cash generated from operating activities	87,863,253	112,493,971
<b>CASH FLOWS USED IN FROM INVESTMENT</b>		
Acquisition of fixed assets	(198,951,085)	-
Net cash flow used in investment activities	(198,951,085)	-
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Cash from financing activity	0	0
Net cash flow from financing activity	0	0
Net increase / (Decrease) in cash & cash Equivalents	(111,087,832)	112,493,971
Cash and cash equivalents at the beginning of the period	117,960,805	5,466,834
Cash and cash equivalents at the end of the period	6,872,973	117,960,805

Signature:   
Designation: Board Chairman  
Date: 29/9/2022

Signature:   
Designation: Board Secretary  
Date: 29.09.2022



THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF AGRICULTURE

TOBACCO RESEARCH INSTITUTE OF TANZANIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

CASH FLOW FROM OPERATING ACTIVITIES

Receipts

Revenue from the exchange transaction

Revenue From Government Subvention

Total Receipts

Payments

Cash paid to suppliers and employees

Administrative Expenses

Personnel Expenses

Business Expenses

Bank charges

Total Payments

Net cash flows from/ (used in) operating activities

CASH FLOWS FROM INVESTMENT

Acquisition of fixed assets

Net cash flow from investment activities

CASH FLOW FROM FINANCING ACTIVITY

Net cash flow from financing activity

Net increase/Decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the period

Original  
Budget TZS

Final Budget  
TZS

Actual Amount on  
Comparable Basis {C}

Difference: Final  
Budget Vs Actual

330,000,000  
449,827,155  
779,827,155

330,000,000  
449,827,155  
779,827,155

406,463,576  
570,037,605  
976,501,181

(76,463,576)  
(120,210,450)  
(196,674,026)

615,827,155  
450,000,000  
12,000,000  
2,000,000

615,827,155  
450,000,000  
12,000,000  
2,000,000

535,526,517  
339,234,822  
12,000,000  
1,876,589

73,385,009  
110,765,178  
-  
123,411

1,079,827,155  
(300,000,000)

1,079,827,155  
(300,000,000)

888,637,928  
87,863,253

191,189,227  
(387,863,253)

250,000,000  
250,000,000

250,000,000  
250,000,000

198,951,085  
198,951,085

51,048,915  
51,048,915

-

111,087,832

(111,087,832)

-

117,960,805

(117,960,805)

(50,000,000)

6,872,973

(43,127,973)

Signature:

Designation: Board Chairman

Date:

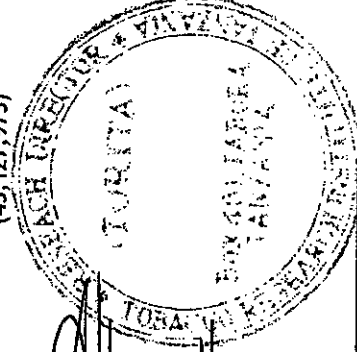
29/9/2022

Signature:

Designation: Board Secretary

Date:

29/09/2022



## 5.6 SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

### NOTE: 1. GENERAL INFORMATION

The Tobacco Research Institute of Tanzania (TORITA) was incorporated under the Companies Ordinance Cap 212 on 31 October 2000. Tobacco Research Institute of Tanzania (TORITA) is a registered Company Limited by guarantee and does not have a share capital. Its head office is located at Tumbi some 16 kilometres off Tabora municipal town centre along the road leading to Urambo and has the substation at Mtanila (Mbeya).

TORITA is the sole Tobacco Research Institute in the country. Its mandates entail the development and dissemination of appropriate technologies to the tobacco-growing community for improved productivity to support the Tobacco sector goals in the socioeconomic development of the country. The principal objective of TORITA is to promote, implement and carry out research into all problems associated with tobacco, other crops and systems of husbandry as are in connection with tobacco and on matters generally related thereto.

The overall management of TORITA is vested in the Board of Directors while the Research Director manages the day-to-day operations of the institute.

### NOTE 1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 1.1.1 STATEMENT OF COMPLIANCE

The Corporation's financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Director's Report has been prepared in line with the requirements of the Tanzania Financial Reporting Standard (TFRS) No. 1.

#### 1.1.2 BASIS OF PREPARATION

The financial statements of M/S Tobacco Research Institute of Tanzania have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) under the historical cost convention, in Tanzania Shillings (TZS ).

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates

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

are significant to the financial statements are separately disclosed in a note. The financial statements have been prepared on a historical cost basis, except for buildings that have been measured at fair value. The cash flow statement is prepared using the *direct method*. The financial statements are prepared on an accrual basis.

**1.1.3 REPORTING PERIOD**

The reporting period for these financial statements is the financial year of the Corporation which runs from 1 July 2021 to 30 June 2022.

**1.1.4 Properties, Plant and Equipment Valuation**

Property, Plant and Equipment are stated at historical cost or revaluation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and depreciation charge is applied as appropriate.

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

**Depreciation**

The land is not depreciated.

Depreciation on other Property, Plant and equipment was calculated using the straight-line method to allocate the cost or revalued amounts to their residual values over their estimated useful lives from the time the asset is brought into use to the time of its de-recognition, as follows:

Asset Description	Rate per Annum
Plant and Machinery	20%
Motor vehicles and motorcycles	25%
Furniture, Fittings and Equipment	20%
Land and buildings	5%

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

#### 1.1.5 Revenues

Revenue relating to tobacco research levies, and others is accounted for on an accrual's basis

#### 1.1.6 Provisions for Impairment of Receivables

Trade receivables are recognized initially at fair value and subsequently measured at costless provision for bad and doubtful debts. Specific provision is made in the accounts against trade receivables when it is not able to collect all amounts due according to the original terms or receivables. The amount of the provision is recognized in the income statement. Bad debts are written off after all steps to recover them have failed.

#### 1.1.7 Employees Benefits

TORITA has a defined contribution plan scheme for its employees with PSSSF. A defined contribution plan is a pension plan under which the union pays fixed contributions of 10% of the employee's salary, to the Fund every month. TORITA has no legal or constructive obligation to pay further contributions if the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions were as follows:

	2021/22	2020/21
	TZS	TZS
Employer's PSSSF contribution	15,139,554	11,242,100

#### 1.1.8 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide

Termination benefits as a result of an offer made to encourage voluntary redundancy.

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**1.1.9 Related Party Transactions**

There were related party transactions, which represent the following:

	2021/22	2020/21
	TZS	TZS
Board member's meeting and travelling allowances	61,046,719	26,685,513
Remuneration to key management	255,396,000	222,085,653

**1.1.10 Functional and Presentation Currency**

The financial statements are presented in Tanzania Shillings, which is the institute's functional and presentation currency.

**1.1.11 BUDGET INFORMATION**

The Corporation prepares its budget on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The Corporation has the option to present this comparison either as a separate additional financial statement or as additional budget columns in the financial statements as required by IPSAS. The Corporation has therefore chosen to present the comparison separately in the statement of comparison of budget and actual amounts. The reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on specific line items.

**1.1.12 GRANTS**

Grants received in monetary form for capital expenditure, recurrent expenditure or in the form of non-monetary assets are recognized as deferred income in the statement of financial position and are released to the statement of comprehensive income during the useful life of the respective non-monetary assets or when recurrent expenditure is incurred. During the year 2021/2022 the institute received a government revenue grant of TZS 570,037,605 to finance recurrent expenditures.

**1.1.13 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the cash flow statement, cash and cash equivalent comprise cash on hand and cash at the bank.

**1.1.14 Impairment of Assets**

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. There was a revaluation of Assets was done for the year under audit.

**1.1.15 Financial Risk Management Financial Risk Factors**

The Institute's activities are exposed to a variety of financial risks. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Institute's financial performance. The risks in question are mentioned below:

**(i) Interest-rate risk**

The Institute's income and operating cash flows are independent of changes in market interest rates.

**(ii) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents.

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5.7 NOTES TO THE FINANCIAL STATEMENTS

	2022/23	2021/22
	TZS	TZS
<b>NOTE 2 CASH &amp; CASH EQUIVALENTS</b>		
CRDB BANK PLC A/C 01J1069759500	2,748,811	1,744,609
CRDB BANK PLC A/C 01J1077106901	2,267,864	9,863,955
NMB MIHAYO	814,120	26,047,746
BOT DODOMA	1,042,178	80,304,495
<b>Total</b>	<b>6,872,973</b>	<b>117,960,805</b>
<b>NOTE 3 INVENTORIES</b>		
Closing stock 6350gm @ 198	1,257,300	10,702,199
The value of inventories	1,257,300	10,702,199
<b>NOTE 4 (a) TRADE AND OTHER RECEIVABLES</b>		
Trade debtors/TLTC	63,994,968	63,994,968
Daymo trading company	7,800,000	7,800,000
Jacob Lisuma	4,000	4,000
JTI Tanzania	1,015,166	1,015,166
Amon Philip	222,866	222,848
<b>Sub Total</b>	<b>73,037,000</b>	<b>73,037,000</b>
less		
Provision for doubtful debt	63,994,986	0
<b>Total</b>	<b>9,042,014</b>	<b>73,036,982</b>
<b>NOTE 4 (b) PREPAYMENTS</b>		
GPSA	0	92,346,913
<b>Total</b>	<b>0</b>	<b>92,346,913</b>

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**Property, Plant and Equipment NOTE: 5**

**2021/22**

Description	COST		DEPRECIATION			Carrying Value
	Cost-Opening On 01 July - 2021	Cost - Addition Monetary	30-Jun-22	Acc Depr- 01- Jul - 2021	Charge for the year- 2022	
Office buildings and structures	411,855,000	74,632,212	486,487,212	37,080,594.00	22,289,064.08	427,117,553.42
Motor Vehicles (Administrative)	130,000,000	92,346,913	222,346,913	48,750,000.00	44,589,125.00	129,007,788.16
Tractors, Trucks, Trailers, semi-trailers		37,000,000	37,000,000		5,395,833.33	31,604,166.67
Motorbikes, Motorcycles and bicycles	12,149,997		12,149,997	4,556,250.00	3,000,000.00	4,593,747.00
Scientific Equipment		79,813,863	79,813,863		9,311,617.35	70,502,245.63
Office Furniture and Fittings	18,429,500	440,000	18,869,500	5,528,850.00	4,384,233.13	8,956,416.87
Other Office Equipment	22,475,800	30,807,800	53,283,600	6,742,740.00	17,260,853.00	29,280,007.00
<b>Total</b>	<b>594,910,297</b>	<b>315,040,788</b>	<b>909,951,085</b>	<b>102,658,434</b>	<b>106,230,725.89</b>	<b>701,061,924.75</b>

Property, Plant and Equipment NOTE:		COST		DEPRECIATION		Carrying Value
2020/2021	Cost-Opening At 01 July - 2020	Cost - Addition Monetary	30-Jun-21	Acc Depr- 01-Jul - 2020	Charge for the year- 2021	
Office buildings and structures	411,855,000	0	411,855,000	10,296,375.00	20,592,750.00	380,965,875.00
Motor Vehicles (Administrative)	130,000,000	0	130,000,000	16,250,000.00	32,500,000.00	81,250,000.00
Motorbikes, Motor cycles and bicycles	12,149,997		12,149,997	1,518,750.00	3,037,500.00	7,593,747.00
Office Furniture and Fittings	18,429,500	0	18,429,500	1,842,950.00	3,685,900.00	12,900,650.00
Other Office Equipment	22,475,800	0	22,475,800	2,247,580.00	4,495,160.00	15,733,060.00
<b>Total</b>	<b>594,910,297</b>	<b>0</b>	<b>594,910,297</b>	<b>32,155,655</b>	<b>64,311,310.00</b>	<b>498,443,332.00</b>

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		2021/22	2020/21
NOTE 6	TRADE AND OTHER PAYABLES	TZS	TZS
	COASCO/CAG	12,000,000	24,000,000
	HHIF Director	9,812,112	10,396,662
	NSSF Director	8,491,010	8,488,450
	PSPF Director	3,016,178	3,411,182
	Trade creditor	14,224,122	14,224,122
	TRA	5,440,665	1,954,012
	EGA	-	6,822,612
	Staffs claim	1,997,280	45,120,391
	Other Payables	150,000	
	<b>Total</b>	<b>55,131,367</b>	<b>114,417,431</b>

The revaluation surplus that has been accumulated during the year has been transferred to the Taxpayer's fund account as previously the institute didn't

recognize so from now onwards the revalued amount of the asset will be deemed/assumed cost and subsequently asset will be carried at cost as per IPSAS 17

**NOTE 9 REVENUE FROM EXCHANGE TRANSACTIONS**

**Other revenue**

Tobacco trials fee	51,392,546	32,548,471
Tobacco research levy KG @ kg. 6/=	336,642,030	178,854,796
Seed sale	18,429,000	
<b>Sub-Total</b>	<b>406,463,576</b>	<b>211,403,267</b>

**Government Subventions**

Salaries	255,396,000	223,490,073
Other charges	17,136,662	16,853,040
Development Fund	297,504,943	195,844,709
<b>Sub-Total</b>	<b>570,037,605</b>	<b>436,187,822</b>
<b>Total</b>	<b>976,501,181</b>	<b>647,591,089</b>

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NOTE 10 ADMINISTRATIVE EXPENSES

Staff travelling	70,867,517	41,648,052
Printing & Stationeries	4,032,600	1,600,000
Board meeting expenses	61,046,719	26,685,513
training & Extension	7,762,400	
Motor vehicle Running expenses	8,717,253	4,425,492
R&M vehicles	2,127,774	
M & E research		
Staff training	2,230,000	1,520,000
Tobacco council meeting	735,000	2,983,300
Parliament meeting	2,550,000	
Accounting training		
Research Expenses(DEV) - Seeds	130,682,712	34,821,200
Research Expenses - Own source	112,562,143	
Research Expenses(DEV)	57,065,175	
RAAWU	5,010,000	
Transportation costs	6,265,062	
Best workers		3,000,000
Scheme of services amendment		8,500,000
other expenses	10,808,599	4,567,000
Extra duty allowances	6,815,000	12,840,000
Preparation of MTEF and PE	3,960,000	650,464
Nane Nane	215,000	23,869,700
Asset valuations	6,375,600	
Utility bill	1,376,698	18,206,245
Increase in the provision of doubtful debt	63,994,968	0
R & M motor vehicles		4,359,066
Contributions	720,000	562,140
Funeral Expenses	8,180,000	

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Seminar	8,618,200	5,060,000
Security guard expenses		
<b>Total</b>	<b>582,718,420</b>	<b>195,298,172</b>

**NOTE 11 PERSONNEL EXPENSES**

Basic Salary	255,396,000	224,842,000
Wages	65,235,086	35,073,692
Incentives allowances	16,605,000	6,840,000
Leave allowances	1,998,736	2,377,399
<b>Total</b>	<b>339,234,822</b>	<b>269,133,091</b>

**NOTE 12 BUSINESS EXPENSES**

Audit fees payable to COASCO/CAG	9,020,000	9,020,000
VAT: 18%	1,980,000	1,980,000
<b>Total Audit fee</b>	<b>11,000,000</b>	<b>11,000,000</b>
Reimbursable cost	1,000,000	1,000,000
<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>

**NOTE 13 FINANCE CHARGES**

Bank Charges	1,876,589	680,279
<b>Total</b>	<b>1,876,589</b>	<b>680,279</b>

**NOTE 14 CAPITAL COMMITMENTS**

The Institute did not have any capital commitments during the year

**NOTE 15 CONTINGENT LIABILITY**

There were no contingent liabilities during the year

**NOTE 16 EQUITY**

The equity part is only formed of accumulated Surplus/deficit the Institute is limited by guarantee with no share capital

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**NOTE 17 FINANCIAL YEAR**

These financial statements are for the twelve months (12) ending 30 June 2022

**NOTE 19 COMPARATIVE FIGURES**

Previous year's figures have been included whenever considered necessary to make them comparable with the current year's figure

**NOTE 20: Reconciliation of Net Cash flows from Operating Activities to Surplus.**

	2021/22	2020/21
	TZS	TZS
Surplus during the year	(65,559,377)	106,168,236
Non-cash movements		
Depreciation	106,230,726	64,311,310
Revenue grants	0	0
Increase in receivables	(2,649,261)	(102,749,111)
Increase in inventory	(9,444,899)	0
Increase in payables	59,286,064	44,763,536
Net cash flows from operating activities	87,863,253	112,493,971

**NOTE 21: Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements**

A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended 30 June 2023 is presented below:

	Operating	Financing	Investing	Total
	TZS	TZS	TZS	TZS
Actual Amount on Comparable Basis as Presented in the Statement of Comparison of Budget and Actual Amounts	87,863,253	0	198,951,085	(111,087,832)
Basis Differences				

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Timing Differences				
Entity Differences				
Actual Amount in the Statement of Cash Flows	87,863,253	0	198,951,085	(111,087,832)

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**Note 22: EVENTS AFTER REPORTING PERIOD**

We disclose the Material event after the balance sheet date and before the Audit report signed by the Auditor, On 15 December 2023 the Government announced that it will transfer all the operations of TORITA to Tanzania Agricultural Research Institute (TARI) by June 2024. The transfer do not affect the financial statements of the year end 30<sup>th</sup> June 2023.

**Note 23: CASH FLOW RECONCILIATION**

**2022  
TZS**

**23.1 Cash receipts**

Revenue from exchange transactions (Statement of Financial

1. Performance)

406,463,576

Less: Adjustment

0

Revenue from exchange transactions as per Cash Flow

406,463,576

Revenue From Government Subvention(Statement of Financial

2. Performance)

570,037,605

Less: Adjustment For Personnel Emoluments (Basic Salary)

0

Revenue From Government Subvention as per cash flow

570,037,605

**23.2 Cash paid to suppliers and employees:**

1. Administrative Expenses (Statement of Financial performance)

582,718,420

Add: Adjustment bank reconciliation JV 48

16,803,065

Less: Adjustment -Provision for Bad Debts Note 10

63,994,968

Administrative Expenses as per Statement of Cash flow

535,526,517

**52**

2.	Personnel Expenses (Statement of Financial performance)	339,234,822
	Less: adjustment For Personnel Emoluments (Basic Salary)	0
	personnel Expenses as per Statement cash flow	339,234,822
3.	Business Expenses (Statement of Financial performance)	12,000,000
	Less: Non-Cash	0
	Business Expenses as per Cash flow	12,000,000
4.	Bank charges From Statement of performance	1,876,589
	Less: Adjustment Non-Cash	0
	Bank charges as per Statement of cash flow	1,876,589

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**NOTE NO: 24 THE DISCLOSURE OF THE MATERIAL DIFFERENCES  
BUDGET VS ACTUAL**

**CASH FLOW FROM OPERATING  
ACTIVITIES**  
Receipts

Revenue from the exchange transaction	330,000,000	406,463,576	-76,463,576	There increase of trial fees of Tzs 51,392,546 and sales of tobacco seed of Tzs 18,429,000
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Revenue From Government Subvention

449,827,155	570,037,605	-120,210,450
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There is increase of the Development fund receipt from the ministry of Agriculture

There is some activities not done these are Two board meetings ( done 2 out of 4) and NPK tobacco trial was schedule next financial year

Administrative Expenses

615,827,155	535,526,517	73,385,009
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Personnel Expenses

450,000,000	339,234,822	110,765,178
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The Estimate include the Salaries for new employment, where by the end of the financial year no new recruitment were done