



**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 2023**



Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

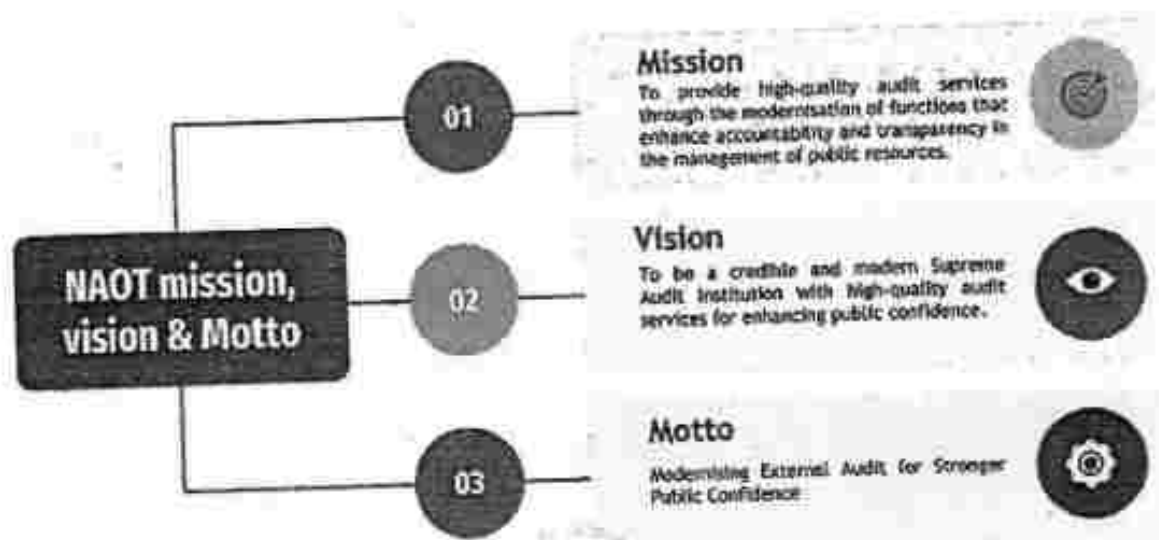
March 2024

AR/CG/TORITA/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

© This audit report is intended to be used by 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.

TABLE OF CONTENTS

Abbreviations	iv
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATION	4
2.0 STATEMENT OF THE BOARD CHAIRMAN	6
3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY	35
4.0 DECLARATION OF THE HEAD OF FINANCE	33
5.0 FINANCIAL STATEMENTS	33
5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023	33
5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023	34
5.3 STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2023	36
5.4 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2023	37
5.5 STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2023	38
5.6 NOTES TO THE FINANCIAL STATEMENT	39
5.7 SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES	45

Abbreviations

ASDP	Agriculture Sector Development Programme
CAG	Controller and Auditor General
GPSA	Government Procurement Services Agency
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
MoA	Ministry of Agriculture
MTEF	Medium-Term Expenditure Framework
MUSE	Mfumo wa Ulipaji Serikalini
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
PE	Personal Emoluments
PSSSF	Public Services Social Security Fund
SUA	Sokoine University of Agriculture
TARI	Tanzania Agricultural Research Institute
TORITA	Tobacco Research Institute of Tanzania
TPHPA	Tanzania Plant Health and Pesticides Authority
TRA	Tanzania Revenue Authority
TTB	Tanzania Tobacco Board
TTCL	Tanzania Telecommunications Company Limited

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 (TORITA) 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 of 30 June 2023, and its financial performance and its cash flows for the year that ended by International Public Sector Accounting Standards (IPSA5) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit by 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 by 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 by these requirements.

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

Emphasis of Matter(s)

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

Note 1.1.16 of the financial statements disclose 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 30th June 2023, however this condition requires attention in the audit of the financial statements for the financial year 2023/24.

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 before 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 before 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 based on 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 to express 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 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH 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 2022/23 as per the Public Procurement laws.

Conclusion

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

Single source procurement without proper justifications TZS 19,662,930

Regulation 149(1) of the Public Procurement Regulation, 2013 stipulates that "The procurement of goods, works and non-consultancy services through international and national competitive tendering prescribed in these Regulations shall be considered before other methods of tendering prescribed in these Regulations are used". Contrary to the above regulation, TORITA made procurement of items worth TZS 19,662,930 from single source without proper justification.


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 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.


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 Tobacco Research Institute of Tanzania (TORITA) Board of Directors, I consent to present the TORITA Annual Report for the financial year 2022/23. This is the twenty-third Annual Report since the establishment of TORITA on 31 October 2000.

The Annual Report complies with the implementation of the research activities under the Budget approved by the Parliament for 2022/23. The second is the Annual Report of the Controller and Audit General (CAG) and the audited financial statements of the financial year ended 30 June 2023. The TORITA Board of Directors is pleased to report that the audited financial statements present the financial position of the TORITA, its financial performance and its cash flows for the year ended on 30 June 2023 as per the International Public Sector Accounting Standards (IPSAS).

The current Board of Directors is the seventh under the second three-year term, which commenced on 01 July 2023. The Board signed a performance contract with the Treasurer Registrar for 2022-23. During this period, the Board endorsed the TORITA Board Charter and Codes of Ethics, TORITA Clients Service Charter, and TORITA Staff Incentive Scheme, while the TORITA Staff Training Program and Collective Bargaining Contract are under review. TORITA were doing both tobacco crop research and statutory research. However, the incoming of the Seventh Board, in its second years three-year term, directed the Management of TORITA to conduct research based on the stakeholders' demands. Furthermore, to conduct statutory research, such as evaluating new tobacco varieties and efficacies of agrochemicals and fertilizers.

The TORITA Board of Directors directed the Management to consider the analysis of stakeholders' strengths, weaknesses, opportunities and challenges in developing the Medium Term Expenditure Framework (MTEF) for the 2022/23 financial year to meet the expectations. Accordingly, in alignment with the Ruling Party Election Manifesto of 2020-2025, TORITA Strategic Plan 2020-2025 and ASDP II, the MTEF budget and plan for the financial year 2022/23 developed. The MTEF emphasized the development and promotion of new, improved tobacco varieties, and seed production, identifying factors contributing to crop losses and the use of coal by some selected farmers as sources of alternative energy source for tobacco curing.


Prof. Gratian M. Rwegasira

BOARD CHAIRMAN STATEMENT OF THE RESEARCH DIRECTOR

The Tobacco Research Institute of Tanzania (TORITA) is mandated to research tobacco crops to improve productivity per unit area using toxicity and toxicity agrochemicals and high-quality fertilizers according to the specifications suitable for tobacco. The institute has a research substation located at Mtanila in the Chunya district. Thus, TORITA is pleased to present the 23rd of its Annual Report for the financial year 2022/23. The report entails the administration, research and technology transfer activities reports and the financial statements for the year ended on 30 June 2023. The administration activities covered in the reporting periods include the board meetings, workers' welfare, contribution funds to the Government, and installation of the MUSE facilities. During the 2022/23 financial year, the salaries received by staff recorded at TZS 346,256,442.00, which is an increase by TZS 90,860,442 equivalent to 26.24%; contracted staff salaries recorded at 68,089,485.17; other charges (OC) recorded at TZS 152,971,133.26 an increase by TZS 135,834,471 equivalent to 88.79%; development fund reached TZS 509,968,200 an increase by TZS 202,495,057 equivalent to 40.49% compared to the 2021-22 financial year.

The completed activities as core research included on-farm evaluation of coal in curing tobacco leaf, purchasing of laboratory equipment, evaluation of efficacy use of agrochemicals, breeding of new tobacco varieties to suit the local environment, identification of factors for crop losses, requisition of seed packets, agricultural equipment and machinery, laboratory facilities, pesticides, generators, research activities on evaluation of new varieties, tobacco seed production for TRD17 (1 ha) at Mtanila, Chunya, 6 hectares for K326, RG17 and ULTF10 at Tumbl, Tabora and publication of research activities.

The funds received as own source from the tobacco stakeholders for the financial year 2022/23 were recorded at TZS 692,125,282, an increase by TZS 285,661,706 equivalent to 41.27%, and for the funds received from the Government recorded at 1,249,104,413 including salaries an increase of TZS 429,189,970 equivalent to 42.95% compared to the 2021/22 financial year. Therefore, for the financial year 2022/23 ended on 30 June 2023, the tobacco stakeholder's funds contribution was 41%, while the Government's contribution was 59%. Furthermore, administrative and research expenses were recorded at TZS 903,047,330, personnel expenses recorded at TZS 414,345,927 and contribution fund (CF) to the Government recorded at TZS 2,400,000.

Not all activities carried out during the 2022/23 financial year were audited by the Internal Auditor following being transferred to Utumishi Housing and among critical issues observed during his presence that requested the Management should work out was checking the accuracy of the bank reconciliation for funds received and

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

expenditures, proper recording of payment vouchers, lack of supporting documents and unstamped payment vouchers. The Account Unit had only one staff, however, one staff was employed during the 2022/23 financial year and another contracted Accounts staff was recruited to help the finance unit and tasked them to work out the limitations observed by the Internal Auditor. Furthermore, during the 2022/23 financial year, we managed to process the transfer of Rajab Ngarai from Nanyamba District Council to TORITA to fill the Internal Auditor position.

Finally, I 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 Mohamed Bashe (MP), under the excellent leadership of H.E. Samia Suluhu Hassan, the President of the United Republic of Tanzania, for supporting us with development funds to revive the core operation of TORITA research during the 2022/23 financial year.


Dr. Jacob B. Lisuma
RESEARCH DIRECTOR



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

Those Charged with Governance present this report and the audited financial statements for the financial year ended 30 June 2023, 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 2023

2.1 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. Prior to 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 30th June 2023, which disclose the state of affairs of Tobacco Research Institute (TORITA).

2.2 VISION, MISSION, VALUES AND CORE FUNCTIONS.

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".

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".

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.

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 farmers' 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.

2.3 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;

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

- 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 Institution level and to ensure that the usage of funds is effectively managed and controlled;
- viii) To analyse 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.

Composition of the Board of Directors

The TORITA Board of Directors composition as from 1 July 2022 to 30 June 2023 is as listed in Table 1.

Table 1: Board members for the period of 01 July 2022 to 30 June 2023

S/N	Name	Position	Qualification	Status	Age	Nationality
01	Prof. Gratian M. Rwegasira	Director of Quality Assurance Bureau (SUA)	PhD. Plant Virus Epidemiology	Chairman	50	Tanzanian
02	CPA. Godney Emelia Lauwo	Chief Accountant Ministry of Agriculture (MoA)	Certified Public Accountant, CPA	Member	57	Tanzanian
03	Dr. Efreem Akilei Njau	Director General of Tanzania Plant Health and Pesticides Authority (TPHPA)	PhD. Life Sciences and Bioengineering	Member	55	Tanzanian
04	Mr. Stanley Nelson Mnozya	Director General Tanzania Tobacco Board (TTB)	MA. Development Studies	Member	45	Tanzanian
05	Mr. Pius Noel Killo	General Manager Lake Tanganyika Cooperative Union (LATCU)	MSc Project Management	Member	51	Tanzanian
06	Mr. Nico John Roussos	Chairman Southern Highlands Tobacco Growers Association (SHTGA)	HS. American Community	Member	59	Tanzanian

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 REPORT BY THOSE CHARGED WITH GOVERNANCE

S/N	Name	Position	Qualification	Status	Age	Nationality
07	Mr. Benedict Paul Kisaka	General Manager Tobacco Cooperative Joint Enterprise (TCJE)	MSc. Business Studies	Member	50	Tanzanian
08	Mr. Yussuf Hussein Mahundi	Corporate Operation Manager Premium Active Tanzania Limited (PATL)	MA. Entrepreneurship and Enterprise Development	Member	47	Tanzanian
09	Mr. Onesmo Florian Mahundi	Chief Accountant Songea and Namtumbo Cooperative Union (SONAMCU)	BA. Business Administration	Member	33	Tanzanian

The Institute's Board secretary as of 30 June 2022 was Dr Jacob Bulenga Lisuma

Performance by the Board of Directors

During the year 2022/23, the Board of Directors conducted 2 out of 4 ordinary meetings and one online meeting including the Board Committees, as the appointed letters were sent to the Board Members during the second quarter of the financial year 2022/23. Despite the appointment delays, the following activities were resolved: -

- Discussed and approved three staff (Donatha Dunda, Herieth Ngati and Proscovia Ruzigija), attending further studies starting the 2023/24 financial year
- Discussed and approved the technology for coal curing extended to on-farm for gaining experience and quantifying its cost compared to the fuelwoods.
- Discussed and approved the establishment of a memorandum of understanding between TORITA and Moshi Cooperative University (MoCU).
- Discussed and approved the establishment of a memorandum of understanding between TORITA and TARI for collaboration and sharing research results and various meetings including renovation and construction of the new building at Tumbl, Tabora.
- Discussed and recommended overhauling the Collective Bargaining Contract to conform with the Institute budget and according to the worker's laws and regulations.
- The Board discussed the cost of production report and requested the Management to review the report by including other factors such as inflation rate, instability of US \$, farmers insurance, policy change etc. The Board directed the Management to present the final report through an online extension of the 67th Board meeting to conclude the agenda.
- The Board discussed and approved the Client Service Charter for further submission to the Ministry of Agriculture.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

- The Board discussed and approved the first, second and third-quarter performance contract report between the Treasury Registrar (TR) and TORITA Board.
- Discussed and approved TORITA Budget for the 2023/24 for submission to the Ministry of Agriculture

Note: The Board of Directors did not meet in the fourth quarter meeting due to a financial insufficient budget line as the Institute entered MUSE on 01 November 2022.

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: -

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. CPA. Godney Lauwo (Chairperson) 2. Mr. Benedict Kisaka 3. Mr. Stanley Mnozya	CA, HRA-TORITA	<ul style="list-style-type: none"> • Scrutinizing issues on the general budget and key areas for funds allocation, disciplinary actions • Oversee posts for recruitment, promotion and motivation of staff

During 2022/23, the committee met on 16 January 2023 to review the TORITA proposed Budget for 2023/24, review and endorse the urgent action to have qualified heads of Departments and Units by March 2023. The committee also met on 24 April 2023 to review the collective bargaining contract (CBC).

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. Onesmo Florian Mahundi (Chairperson) 2. Mr. Plus Killo 3. Mr. Nico Roussos	CA, HRA-TORITA	<ul style="list-style-type: none"> • Scrutinizing issues on the general budget and key areas for funds allocation, disciplinary actions • Oversee posts for recruitment, promotion and motivation of staff

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

During 2022/23, the committee met on 16 January 2023 to review the TORITA proposed Budget for 2023/24 and review the self-audited performance contract between the Treasury Registrar and TORITA Board of Directors for the financial year 2021/22. The committee also met on 24 April 2023 to review a third-quarter performance contract between the Treasury Registrar and TORITA Board of Directors for the financial year 2022/23. The committee also met on 03 July 2023 to review the financial statements for the year ending 30 June 2023 before submission to the CAG.

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/Tor's
1. Dr. Efrem Njau (Chairperson) 2. Mr. Yussuf Mahundi 3. Prof. Gratian Rwegasira	HoRD, HoTT - TORITA	<ul style="list-style-type: none"> Oversee implementation of research, training, and technology transfer activities Ensure adequate funds through the mobilization of resources

During 2022/23, the committee met on 16 January 2023 to review the TORITA proposed Budget for 2023/24; review research, training and technology transfer progress report for the second quarter; review self-Audited performance contract between Treasury Registrar and TORITA Board of Directors for the financial year 2021/22 and reviewing and endorsing the second quarter performance contract between Treasury Registrar and TORITA Board of Directors for 2022/23. The committee also met on 24 April 2023 to review a third-quarter performance contract between the Treasury Registrar and TORITA Board of Directors for the financial year 2022/23; review the research, training and technology transfer progress report for the third quarter and review the Client Service Charter.

2.4 CORPORATE GOVERNANCE

The Board of TORITA consists of nine Directors. However, towards the end of the third quarter during the financial year 2022/23, one Board member (Dr Ephrem Njau) lost his board membership identity following his transfer from TPHPA to TARI, resulting in the remaining eight members towards the closing of the financial year 2022/23. The process is underway to refill the position. The Board takes overall responsibility for the institute, including overseeing research activities, 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. It 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 recognize the importance of integrity, transparency and accountability. The Board of Directors met three (3) times during the year under audit.

2.5 CAPITAL STRUCTURE

The Institute capital structure for the year under review (2022/23) is reflected on accumulated reserves essentially surpluses (Note 2-8) resulting from government subvention against the expenditure of the Institute.

2.6 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

2.7 AFFILIATION TO THE INSTITUTE

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

Grower members 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

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

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 (a) to (b) above, Member from Ministry of Agriculture (MoA), Sokoine University of Agriculture (SUA) and Tanzania Tobacco Board (TTB)

2.8 FUTURE DEVELOPMENT PLANS

The Institute will continue improving its sustainability by introducing innovative research focusing on value-added technologies and customer-oriented services and expanding its resource base for improved internally generated funds while carefully managing costs and risks. In addition, the Institute will continue to focus on improving productivity and introducing new products to the market.

2.9 OPERATIONAL PERFORMANCE REVIEW FOR THE YEAR 2022/23

During the financial year that ended on 30 June 2023, the following research activities were carried out using internally generated resources/research levies and development funds;

Evaluation of new tobacco varieties

Three varieties (AOV212, AOV405, AOV815) resistant to the Tobacco Mosaic Virus (TMV) from Brazil were evaluated against two local varieties (RG17 and K326) during the financial year 2022/23. The yield performance of AOV815 was superior to AOV 212 and AOV405. However, all three varieties had higher dry leaf yield compared to the standard varieties RG17 and K326 (Table 5).

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

Table 5: Dry leaf yield of new flue-cured tobacco varieties

Site	AOV212 (kg/ha)	AOV405 (kg/ha)	AOVB15 (kg/ha)	RG17 (kg/ha)	K326 (kg/ha)
Mtania, Chunya	2,211	2,800	3,344	1,610	1,510
Ulowa, Kahama	3,715	3,112	3,937	3,470	2,467
Tumbi, Tabora	2,529	2,314	2,698	1,710	1,850

Production of tobacco seeds

During the financial year 2022/23, one hectare of land at Mtania Chunya was used to produce DFC variety TRD17 and six hectares of land at Tumbi, Tabora, was used to produce flue-cured varieties RG17, ULTF10 and K326 (Table 6).

Table 6: Volume of tobacco seeds produced during the 2022/23 cropping season

Type	Variety name	Kilogram produced	Station
DFC	TRD17	31	Mtania, Chunya
FCV	K326	320.39	Tumbi, Tabora
FCV	RG17	206	Tumbi, Tabora
FCV	ULTF10	14.4	Tumbi, Tabora
Total		571.79	

Research on coal usage as an alternative curing energy source

On-farm, research was conducted in Sikonge, Kaliua and Urambo Districts on the usage of coal in curing tobacco leaf. Research results found that 2.2 kg of coal, cured 1 kg of green tobacco (Fig 1). However, the cost of curing tobacco in 1 ha using coal was significantly higher (TZS 2,184,881.37) compared to fuelwood (TZS 626,158).

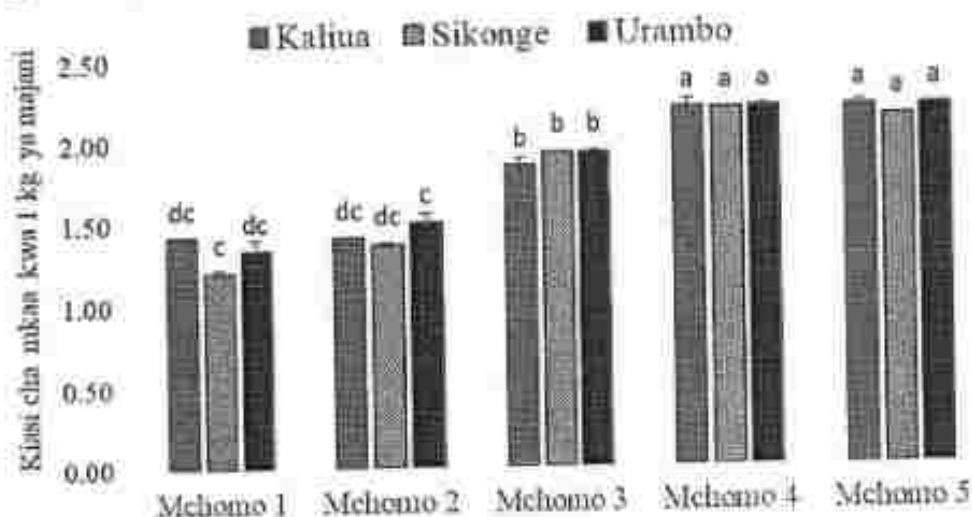


Fig 1: Coal ratio in curing tobacco leaves.

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 REPORT BY THOSE CHARGED WITH GOVERNANCE

The transportation cost of coal from Kiwira, Mbeya to Tabora contributed significantly to increasing the cost of production (Table 7).

Table 7: Coal purchasing and transportation cost from Kiwira, Mbeya to Tabora

No	Item	Cost TZS/Ton)	Tonnage total	Total (TZS)
1	Purchase	83,549.16	5.875	490,850.37
2	Inspection	1,200	5.875	7,050.00
3	Royalty fee	3,600	5.875	21,150.00
4	VAT (18%)			93,429.07
5	Loading	10,000	5.875	58,750.00
6	Transport	500,000	5.875	2,937,500.00
7		10,000	5.875	58,750.00
			Total	3,667,479.44

Research on suitable Insecticides for tobacco

Research on agrochemicals trials for Super strong, Rolprid, Aphidox (Imidacloprid), Rolmethrin (Deltamethrin), Romex (Lambdacyhalothrin 9.5% and Thiamethoxam 12.6% SC), Rolcron (lambdacyhalothrin 60g/L, acetamiprid 32g/L and profenos 600g/L), were evaluated for efficacies in controlling the insects in tobacco. In contrast, Rolfuba and Buffalo (12.5% of Flumetralin and 18% of Butralin) were evaluated for inhibiting tobacco suckers.

Super Strong, Romex and Romethrin at 15 ml mixed in 10 L of water were sufficient for controlling pests in tobacco crops. On the other side, Rolcron at 35 ml mixed in 10 litres of water, controlled significant pests in tobacco crops. Suckercides namely Rolfuba and Buffalo 305EC at the volume of 8 ml in 10 litres of water are recommended to attain an economic potential for inhibiting sucker's growth.

All reports were submitted to the Tanzania Plant Health and Pesticides Authority (TPHPA) for final review before registration of the products to be used in tobacco crops.

Tobacco leaf loss research

It was reported by the tobacco stakeholders on 24 August 2021, that tobacco losses are one of the factors resulting in low farmer's yield. Therefore, research was conducted during the 2021-22 and 2022/23 cropping seasons to quantify tobacco leaf losses on farmer's fields. Research reveals that delays in receiving fertilizers, low topping, inadequate curing barns, poor handling of tobacco leaves, disease incidences and poor storage facilities contributed significantly to the leaf loss. The tobacco leaf losses ranged from 28-39% (Fig 2) and farmers were advised to plant early tobacco seedlings, timely apply fertilizers and agrochemicals, proper leaf handling, have adequate curing

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

facilities, closely observe curing stages, care in loading and offloading tobacco leaf from the barn, grading tobacco as per leaf position and good storage.

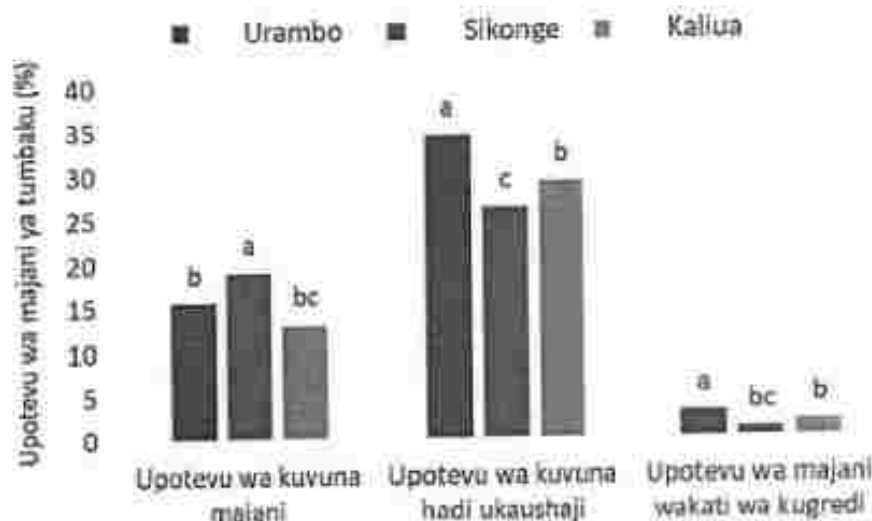


Fig 2: Farmer's Crop Losses in 2022/23 cropping season

Cost of production for 2022/23 cropping season

TORITA carried out research to determine the on-farm cost of tobacco production per hectare. The costs identified are briefly indicated below;

Variable cost	Cost (\$)
• Nursery inputs	73.36
• Field inputs	912.50
Labour cost	907.87
• Fuel curing	251.52
Marketing cost	157.87
Total variable cost	2,303.12
Fixed cost (depreciation)	357.30
• Flue barn	85.44
• Afforestation	79.50
• Maintenance of capital equipment	164.94
TOTAL FIXED COST	522.24
TOTAL VARIABLE COST	2,303.12
Total cost per Ha (Ha)	2,825.36
Yield per Ha	1,602.88
Cost of production US \$/kg	1.76

Purchasing farming implements

During the financial year 2022/23, TORITA purchased a disc harrow, ridges and tractor-trailer to facilitate field operations including land ploughing and carrying research products after the trials.

Stakeholders' engagement and sharing of research findings

TORITA conducted a one-day workshop in Chunya on 25 August 2022 to inform the key tobacco stakeholders of the research findings carried out during the 2021/22 cropping season. The stakeholders were satisfied with the research for new tobacco varieties, cost of production, pests and disease control and tobacco leaf losses. However, they requested TORITA to research how to minimize crop losses and diseases and inform farmers on adopting good agricultural practices for increasing productivity per unit area.

Memorandum of Understanding between TARI and TORITA

A memorandum of understanding between TORITA and Tanzania Agricultural Research Institute (TARI) was signed on 21 February 2023 to enable the two institutions to collaborate in the research program, participate in the research review sessions, share website links and allocate land for TORITA for the construction of the new office.

Publications of Research Findings

During the 2022/23 financial year, the Institute managed to publish five research articles in various journals as follows;

1. Mwalongo, D.A., Haneklaus, N.H., Lisuma, J.B., Kivevele, T.T. and Mtei, K.M., 2022. Uranium in phosphate rocks and mineral fertilizers applied to agricultural soils in East Africa. *Environmental Science and Pollution Research*, pp.1-9.
2. Mlay, D.P., Lisuma, J.B., 2022. Assessing the Potential of Irrigating Against Rainfed Manihot Esculenta Crantz Under Different Levels of NPK Fertilizers on Storage Root Yields in Tanzania Lake Victoria Zone. *J Mod Agric Biotechnol*, 1(2).
3. Donatha Raphael Dunda, Damas Philip, Elimboto Ibrahim Muna., 2023. Comparative Economic Analysis for Early Maturing and Traditional Maize Varieties in Nzega District, Tabora Region, *World Journal of Agricultural Science and Technology*. 1:15-18. doi: 10.11648/j.wjast.20230101.13
4. Donatha Raphael Dunda, Magdalena Raphael Ntatiwa, Elimboto Ibrahim Muna, Erick Anthony Zawadi., 2023. Evaluation of Protector 700 Wd in Controlling Tobacco Pests in Tanzania. *Journal of Agricultural Chemistry and Environment* 12: 2. DOI: 10.4236/jacen.2023.122011

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

5. Magdalena Raphael Ntatiwa, Donatha Raphael Dunda, Elimboto Ibrahim Muna., 2023. Evaluation of Bamethrin 2.5EC Efficacy for Pests Control in Flue-Cured Tobacco. International Journal of Science and Research. 12:5, 344-347
6. Mwalongo, D.A., Haneklaus, N.H., Lisuma, J.B., Kivevele, T.T. and Mtei, K.M., 2023. Influence of phosphate fertilizers on the radioactivity of agricultural soils and tobacco plants in Kenya, Tanzania, and Uganda. Environmental Science and Pollution Research. <https://doi.org/10.1007/s11356-023-27543-8>

2.10 ADMINISTRATIVE MATTERS AND STAFF WELFARE

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

Staff promotion

During the 2022/23 financial year five staff were promoted (Table 8).

Table 8: Staff promotion

No.	NAME	CHECK No	PREVIOUS TITLE	CURRENT TITLE	PROMOTION DATE
1	Elimboto Ibrahim Muna	110985695	Research Officer II	Research Officer I	01.08.22
2	Magdalena Raphael Ntatiwa	110985878	Research Officer II	Research Officer I	01.08.22
3	Jonathan Raphael Dunda	110985918	Research Officer I	Senior Research Officer II	01.08.22
4	Daniel Henry Mezza	110985903	Senior Accounts Officer II	Senior Accounts Officer I	01.09.22
5	Hawa Idd Mdee	110985923	Office Mgt. Secretary I	Executive Assistant II	01.08.22
6	Lendina Semati Long'oi	111620575	Human Resource Officer II	Executive Assistant II	01.09.23

Available staff during the 2022/23 financial year

TORITA has 18 permanent staff (Table 9) and 15 contracted staff (Table 10), making a total of 33 staff that executed various activities during the financial year 2022/23 that ended on 30 June 2023.

Table 9: TORITA permanent staff existed in the 2022/23 Financial Year

No	Name	Sex	Dep/Unit	Title	Station	Comment
1.	Jacob Lisuma	M	Admin	Research Director	Tumbl	At work
2.	Daniel Mezza	M	Accounts	Senior Accounts Officer I	Tumbl	At work
3.	Herieth Ngati	F	Admin	Office Attendant	Tumbl	At work
4.	Erick Zawadi	M	Research	Training Officer I	Tumbl	At work

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 REPORT BY THOSE CHARGED WITH GOVERNANCE

5.	Hawa Mdee	F	Admin	Executive Assistant II	Tumbi	At work
6.	Donatha Dunda	F	Training	Senior Research Officer II	Tumbi	At work
7.	Elimboto Muna	M	Research	Research Officer I	Tumbi	At work
8.	Magdalena Raphael	F	Research	Research Officer I	Tumbi	At work
9.	Proscovia Project	F	Admin	HR Officer I	Tumbi	At work
10.	Jumarne Kahema	M	Lab	Lab Technician I	Tumbi	Further studies
11.	Semati Lendina	M	Admin	HR Officer I	Tumbi	At work
12.	Andrew Pessa	M	Research	Field Officer I	Mtania	At work
13.	Ally Mchengwa	M	Lab	Lab Technician I	Tumbi	At work
14.	Vicent Gama	M	Research	Assistant Research Officer	Tumbi	At work
15.	Emmanuel Burongo	M	Admin	Driver II	Tumbi	At work
16.	Jacob Masunga	M	Admin	HR Officer II	Tumbi	At work
17.	Gasper Kimario	M	Account	Accounts Officer II	Tumbi	At work
18.	Valentine Mwamafupa	M	PMU	Procurement Officer II	Tumbi	At work

Table 10: TORITA contracted staff existed in the 2022/23 Financial Year

No.	Name	Sex	Dep/Unit	Title	Station	Comment
01.	Mohamed Kinyuma	M	Admin	Driver	Tumbi	At work
03.	Elly Maerere	M	Research	Field officer	Mtania	At work
04.	Abraham Furahin	M	Research	Assistant Research Officer	Tumbi	At work
05.	Khalfani Mbao	M	Research	Field Officer	Tumbi	At work
06.	Yusuph Mwengo	M	Admin	Security Officer	Tumbi	At work
07.	Silas Samson	M	Admin	Security Officer	Tumbi	At work
08.	Felister John	F	Admin	Office Attendant	Tumbi	At work
09.	Evans William	M	Accounts	Accounts Officer	Tumbi	At work
10.	Prisca Nade	F	Admin	Legal Officer	Tumbi	At work
11.	Michael Jonathan	M	Admin	ICT Officer	Tumbi	At work
12.	Juliana Loriku	F	Research	Assistant Field Officer	Tumbi	At work
13.	Augustino Kamweli	M	Admin	Office Attendant	Tumbi	At work
14.	Ajali Mohamed	M	Admin	Driver	Tumbi	At work
15.	Rogath Kisoka	M	Training	Assistant Training Officer	Tumbi	At work

2.11 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Institute. Therefore, 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.

Any internal control system's efficiency depends on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no internal control system can provide absolute assurance against misstatement or losses, the Institute system is designed to provide the Board with reasonable assurance that the procedures are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30.06.2023 and thinks they met the acceptance criteria.

2.12 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.

2.13 EMPLOYEES' WELFARE

Management and Employees' Relationship

There is a good relationship between employees and the Management for the year 2022/23. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between the Management and the stakeholders. 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 do not impair the ability to discharge duties.

Training Facilities

When presenting its annual budget for the year 2022/23, the institute put aside a sum of TZS. 20,000,000 for staff training to improve employees' technical skills and effectiveness (previous year TZS20,000,000). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels; all employees have the opportunity on request to attend annual training to upgrade skills and enhance development. As a result, during the year 2022/23, the institute spent TZS 6,560,000 for training purposes.

Medical Assistance

All staff members with a maximum number of four beneficiaries (dependents) for each employee were availed of medical insurance guaranteed by the institute. In addition, the National Health Insurance Fund (NHIF) provides medical insurance.

Health and Safety

The institute has a strong health and safety unit, ensuring that a strong safety culture prevails at all times. In addition, as necessary, a safe working environment is guaranteed for all employees and contracted by providing adequate and proper personal protective equipment, training and supervision.

Financial Assistance to Staff

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

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. If members of staff become 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.

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 permanent and pensionable employees under the Public Service Social Security Fund (PSSSF) during the year was 18 (previous year: 13). The contracted staff (15) also get similar services.¹³.

2.14 GENDER EQUALITY

The Institute had 33 employees, of which nine were female (24.2%), and 25 were male (75.8). This gender equality is very promising and is one of the best among the institutions under the Ministry of Agriculture. The target in the coming ten years is to attain gender equality.

2.15 RELATED PARTY TRANSACTIONS

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

2.16 POLITICAL AND CHARITABLE CONTRIBUTIONS

The Institute did not make any political contribution during the year. Contributions made this year were a social contribution of TZS. 583,122 to the community.

2.17 AUDITORS

Controller and Auditor General (CAG) is the Auditor of the Institute based on resolutions made by the 67th Board Meeting held on 25 April 2023. A resolution proposing reappointment as the Institute's Auditor for the subsequent financial year will be put to the ending quarter of the Board meeting before 30 June.

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

Commentary Notes on Financial Performance

Revenue

Revenue from Exchange Transactions and Other Revenue

For the Financial year ended 30 June 2023 an institution managed to raise revenue amounting to TZS 0

Revenue from Non-Exchange Transactions

For the Financial year ended 30 June 2022 and 2023, Non-exchange Revenue including other charges, personal emolument and development fund. This was due to the increase in several new employees and their benefits.

The amounts received are as follows:-

	2022/23 TZS	2021/22 TZS
Personal Emoluments (Salaries)	315,704,000	255,396,000
Other Charges	152,971,133	17,136,662
Miscellaneous	780,429,280	
Development Fund Local	509,968,200	297,504,943
Total	<u>1,759,072,613</u>	<u>570,037,605</u>

For the Financial year 2022/23 the institution recognizes non-monetary Revenue of TZS 780,429,280 as Inventory for tobacco seeds produced.

Other Revenue-

For the Financial year 2022/23 the Institution recognizes Other Revenue of TZS 692,125,282 compared to TZS 69,821,546 in 2021/22. The increase in other revenue was due to sales of Tobacco seeds during the year.

Wages, salaries and employee benefits

During the financial year 2022/23 the amount spent for Wages, salaries and employee benefits was TZS 540,172,155 compared to TZS 339,234,822 in 2021/22. This was due to an increase in the number of permanent and contracted staff together with their benefits as shown in Note no.34.

Use of goods and services

During the financial year 2022/23 the amount spent for the use of goods and services was 605,810,540 compared to TZS 197,948,395 in 2021/22. This was due to the increase in operational activities such as research, training and Administration as shown in Note No. 35.

Maintenance expenses:

During the financial year 2022/2023 the amount spent for maintenance expenses was TZS19, 225,856 as compared to the 2021/22 which amounted to TZS.10, 845,027. This was due to the maintenance of office equipment and Motor vehicles. Also the maintenance of the office building at Tumbl.

Depreciation of Property, Plant and Equipment

During the financial year 2022/23 property, plant and equipment were depreciated by TZS 123,333,150 compared to TZS 106,230,726 in 2021/22. The increase resulted from the depreciation of additional assets purchased in the year 2021/22.

Other Expenses

Other expenses during the year ending 30 June 2023 were TZS 120,717,947 compared to TZS 387,081,587 for the year ending 30 June 2022. This was caused by the decrease in sundry expenses.

Social benefits

During the year ending 30 June 2023 social benefits contribution amounted to TZS 583,122 compared to TZS 720,000 for the year ending 30 June 2022. This was caused by the decrease in the contribution to support the village development around our office. This paid upon the request from village office Thus 2022 the request was TZS 720,000 and for 2023 the request was TZS 583,122.

Contribution to CF (15%)

During the year ending 30 June 2023, TORITA contributed to Consolidation Fund TZS 2,400,000 as required by law.

Commentary Notes on Financial Position

Total Assets

The institution had total assets of TZS 1,779,373,892 at the end of the financial year 2022/23 compared to TZS 718,234,215 in 2021/22. Cash and cash equivalent

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

Increased from 6,872,973 to TZS 59,202,826 in 2021/22 and 2022/23 respectively. Receivables also increased from TZS 9,042,014 to TZS 23,562,964 respectively. TORITA made a prepayment amounting to TZS 177,546,761 to GPSA for the purchase of the Research director's vehicle.

Receivables

	2023	2022
Trade debtors/TLTC		63,994,968
Daymo trading company	7,800,000	7,800,000
Jacob Lisuma	4,000	4,000
Imprest receivables	14,520,950	
JTI Tanzania		1,015,166
Amon Philip	222,866	222,848
Sub Total	23,562,964	73,036,982
less		
Provision for doubtful debt		63,994,968
Total	23,562,964	9,042,014

Property, Plant and Equipment (PPE)

During the year ended 30 June 2023, TORITA had PPE amounting to TZS 689,304,601 compared to TZS 701,061,928 in Financial 2021/22. The amount TZS 689,324,601 is different from the amount of carrying value disclosed in the PPE schedule, this is because TZS 9,968,200 GFS CODE for irrigation pump was authorized for payment in respect of Per Diem to officers from NIRC and DPP who conducted reconnaissance survey at Mtanila - Chunya. This can be evidenced through PV No. T1020000V2300596.

Payables and Accruals

Payables and accruals increased from TZS 55,131,367 to TZS 69,368,567 in the years 2021/22 and 2022/23 respectively. The increase was very much contributed by the audit fee payable for the year 2022/23 amounted to TZS 14, 237,200.

	2023	2022
COASCO/CAG	26,237,200	12,000,000
HHIF Director	9,812,112	9,812,112
NSSF Director	8,491,010	8,491,010
PSPF Director	3,016,178	3,016,178
Trade creditor	14,224,122	14,224,122
		28

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

TTCL

TRA	5,440,665	5,440,665
Net salary contracted staff	1,299,286	1,299,286
Staffs claim	697,994	697,994
Other Payables	150,000	150,000
Total	69,368,567	55,131,367

Deferred Income and deposit

During the year ending 30 June 2023, the amount remained as deferred income was TZS 23,874,667 compared to zero amount in 2021/22. Deposit general amounted to TZS 7,947,351 as of 30 June 2023 an amount that appeared during the Backlog process with MUSE.

Receivables

Receivables increased from TZS 9,042,014 to TZS 23,562,964. There was an imprest receivable of TZS 14,520,950 which was retired already but the system denied clearing. We reported through our MUSE supporter and the issue was cleared after we submitted the book to CAG.

Inventories

Inventory increased from TZS 1,257,300 to TZS 829,756,740. This constitutes TZS 2,496,262 for coal purchased, TZS 45,573,898 for Consumables and TZS 781,686,580 for tobacco seeds.

Capital Structure

The Institute capital structure for the year ended 30 June 2023 consists of Tax Payer funds of TZS 728,662,224 and Accumulated Surplus of TZS 943,648,319.

CASH FLOW STATEMENT.

Cash flow from operating activities

The cash flow from operating activities for the year ended 30 June 2023 shows a net cash flow of TZS 341,452,416 compared to TZS 87,863,253 in the financial year 2021/22.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
REPORT BY THOSE CHARGED WITH GOVERNANCE

Cash Flow from Investing Activities

The cash flow from investing activities for the year ended 30 June 2023 shows a net cash flow of TZS 289,122,585 compared to TZS 198,951,085 in the financial year, 2021/22, the increase in cash flow from investing is caused by the acquisition of assets available at the institution.

SIGNED BY THE ORDER OF THE BOARD BY:-

Signature: 

Designation: Board Chairman

Date: 15.03.2024

Signature: 

Designation: Board Secretary

Date: 15.03.2024

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 2023, 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).

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.

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.

Gaspar Kimario on behalf of the Head of Finance/Accounting of Tobacco Research Institute of Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 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: CFA GASPER KIMARIO

NBAA Reg No. GA: 10256

Date: 16 August 2023

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.0 FINANCIAL STATEMENTS


5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	Note	2022/23 TZS	2021/22 TZS
Current Asset			
Cash and Cash Equivalents	62	59,202,826	6,872,973
Receivables	67	23,562,964	9,042,014
Prepayments	69	177,546,761	0
Inventories	70	829,756,740	1,257,300
Total Current Asset		1,090,069,291	17,172,287
Non-Current Asset			
Property, Plant and Equipment	77	689,304,601	701,061,928
Total Non-Current Asset		689,304,601	701,061,928
TOTAL ASSETS		1,779,373,892	718,234,215
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	69,368,567	55,131,367
Deposits	94	7,947,351	0
Total Current Liabilities		77,315,918	55,131,367
TOTAL LIABILITIES		77,315,918	55,131,367
Net Assets		1,702,057,974	663,102,848
NET ASSETS			
Capital Contributed by:			
Taxpayers' Funds		728,662,224	728,662,224
Accumulated Surplus/ (Deficit)		973,395,750	(65,559,377)
TOTAL NET ASSETS		1,702,057,974	663,102,848

Signature: 

Designation: Board Chairman

Date: 15.08.2024

Signature: 

Designation: Board Secretary

Date: 15.03.2024



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23 TZS	2021/22 TZS
REVENUE			
Revenue Grants	16	509,968,200	0
Revenue from Exchange Transactions	17	692,125,282	406,463,576
Subvention from other Government entities	32	1,249,104,413	570,037,605
Total Revenue		2,451,197,895	976,501,181
TOTAL REVENUE		2,451,197,895	976,501,181
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	34	540,172,155	339,234,822
Use of Goods and Service	35	605,810,540	198,668,395
Maintenance Expenses	36	19,225,856	10,845,027
Depreciation of Property, Plant and Equipment	77	123,333,150	106,230,726
Other Expenses	52	120,717,947	387,081,587
Social Benefits	56	583,122	0
Total Expenses		1,409,842,770	1,042,060,557
Transfer			
Other Transfers	60	2,400,000	0
Total Transfer		2,400,000	0
TOTAL EXPENSES AND TRANSFERS		1,412,242,770	1,042,060,557
Surplus / (Deficit)		1,038,955,126	(65,559,377)

Signature: _____

Designation: Board Chairman

Date: 15.03.2024

Signature: _____

Designation: Board Secretary


Date: 15.03.2024




THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5.3 STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2023

	2022/23 TZS	2021/22 TZS
CASH FLOW GENERATED FROM OPERATING ACTIVITIES		
Government Grant	495,968,200	0
Cash receipts from exchange transactions	692,123,282	406,463,576
Government Subvention	445,582,073	314,641,605
Total Receipts	1,633,673,555	721,105,181
Cash paid to suppliers and employees:		
Use of goods and services	(625,522,037)	(157,672,681)
Wages, Salaries and Employee Benefits	(540,172,155)	(83,838,822)
Other expenses	(106,717,947)	(387,081,587)
Social benefits	(583,122)	(720,000)
Maintenance Expense	(19,225,856)	(10,845,027)
Total Payments	1,292,221,117	633,241,928
Net cash generated from operating Activities	341,452,438	87,863,253
CASH FLOWS USED IN INVESTMENT		
Acquisition of fixed assets	(111,575,824)	(198,951,085)
Pre payments	(177,546,761)	
Net cash used in investment activities	(289,122,585)	(198,951,085)
CASH FLOW USED IN FINANCING ACTIVITY		
Cash from financing activity	0	0
Net cash flow used financing activity	0	0
Net increase/(Decrease) in cash & cash Equivalents	52,329,853	(111,087,832)
Cash and cash Equivalents at the beginning of the period	6,872,973	117,960,805
Cash and cash Equivalents at the end of the period	59,202,826	6,872,973

Signature: 
Designation: Board Chairman
Date: 15.03.2024

Signature: 
Designation: Board Secretary
Date: 15.03.2024



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

	Original Budget TZS	Final Budget TZS	Actual Amount on Comparable Basis {C}	Difference: Final Budget Vs Actual
Receipts:				
Government Grant	500,000,000	500,000,000	495,968,200	4,031,800
Receipts from exchange transaction	1,310,000,000	1,310,000,000	692,123,282	617,876,718
Government Subvention	480,000,000	480,000,000	445,582,073	47,544,726
Total Receipts	2,290,000,000	2,290,000,000	1,633,673,555	656,326,445
Payments:				
Use of goods and services	615,827,155	615,827,155	625,522,037	(9,694,882)
Wages, Salaries and Employee Benefits	450,000,000	450,000,000	540,172,155	(90,172,155)
Other expenses	230,000,000	230,000,000	106,717,947	123,282,053
Social benefits	4,300,000	4,300,000	583,122	3,716,878
Maintenance expenses	20,000,000	20,000,000	19,225,856	774,144
Pre payments	250,000,000	250,000,000	177,546,761	72,453,239
Acquisition of fixed assets	200,000,000	200,000,000	111,575,824	88,424,176
Total Payments	1,802,127,155	1,802,127,155	1,581,345,641	188,783,453
Net receipts	(12,127,155)	(12,127,155)	52,327,914	6,872,973
Cash and cash Equivalents at the beginning of the period			59,202,826	
Cash and cash Equivalents at the end of the period				



Signature: [Signature]
Designation: Board Secretary
Date: 15.03.2024

Signature: [Signature]
Designation: Board Chairman
Date: 15.03.2024

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

DESCRIPTIONS	Taxpayer Fund	ACCUMULATED RESERVES	TOTAL EQUITY
		TZS	TZS
Balance as of 01.07.2021	-	-	-
Transfer to Taxpayers Fund	728,662,225	(65,559,377)	663,102,848
Balance as at 30.06.2022	728,662,225	65,559,377	663,102,848
Balance as at 01.07.2022	728,662,225	- 65,559,377	663,102,848
Net profit/ (loss) for the year		1,009,207,695	1,009,207,695
Balance as at 30.06.2023	728,662,225	943,648,318	1,672,310,543

Signature: _____

Designation: Board Chairman

Date: 15.03.2024

Signature: _____

Designation: Board Secretary

Date: 15.03.2024



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

5.6 NOTES TO THE FINANCIAL STATEMENT

	2022/23 TZS	2021/22 TZS
16 - Revenue Grants		
Government Grant Development Local	509,968,200	0
	509,968,200	0
17 - Revenue from Exchange Transactions		
Tobacco Crop cess	692,125,282	406,463,576
	692,125,282	406,463,576
32 - Subvention from other Government entities		
Revenue Grants - Non-Monetary	780,429,280	0
Subvention for Other Charges	152,971,133	570,037,605
Subvention for Personal Emolument	315,704,000	0
	1,249,104,413	570,037,605
34 - Wages, Salaries and Employee Benefits		
Casual Labour	20,306,477	0
Casual Labourers	957,000	0
Civil Servants	346,256,442	255,396,000
Civil Servants Contracts	68,089,485	65,235,086
Extra-Duty	22,335,123	0
Facilitation Allowance	4,100,000	16,605,000
Food and Refreshment	4,968,000	0
Gratuities	4,534,362	0
Housing Allowance	9,956,475	0
Leave Travel	2,369,800	1,998,736
Moving Expenses	7,570,000	0
Professional Allowances	13,143,060	0
PSSSF	8,754,272	0
Sitting Allowance	7,090,000	0
Telephone	9,956,659	0
Transport Allowance	9,785,000	0
	540,172,155	339,234,822
35 - Use of Goods and Service		
Advertising and Publication	4,824,600	0
Air Travel Tickets	600,000	0
Cleaning Supplies	953,000	0
Conference Facilities	1,200,000	0
Consumable Medical Supplies	215,200	0
Diesel	44,895,754	0
Electricity	6,890,000	474,000
Exhibition, Festivals and Celebrations	3,280,000	0

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 NOTES TO FINANCIAL STATEMENTS

	2022/23 TZS	2021/22 TZS
Fertilizers	24,366,183	0
Food and Refreshments	2,825,000	0
Gifts and Prizes	500,000	0
Ground Transport (Bus, Train, Water)	8,023,386	0
Ground travel (bus, railway taxi, etc)	0	6,265,062
Internet and Email connections	32,057,454	70,000
Lodging/Accommodation	300,000	0
Office Consumables (papers, pencils, pens and stationaries)	4,930,000	0
Per Diem - Domestic	442,467,284	179,231,635
Pesticides, Herbicides and Insecticides	4,046,782	0
Posts and Telegraphs	75,000	0
Printing and Photocopying Costs	6,985,600	4,032,600
Printing Material	2,170,000	0
Special Foods (diet food)	2,400,000	0
Technical Materials	4,445,498	0
Training Materials	799,800	7,762,400
Tuition Fees	6,560,000	0
Water Charges	0	832,698
	605,810,450	198,668,395
36 - Maintenance Expenses		
Cement, bricks and construction materials	3,214,877	0
Computers, printers, scanners, and other computer-related equipment	806,000	0
Motor Vehicles and Water Craft	15,204,379	10,845,027
	19,225,856	10,845,027
52 - Other Expenses		
Contribution Expenses	0	720,000
Audit fees	14,000,000	12,000,000
Bad and Doubtful expenses	0	63,994,968
Bank Charges and Commissions	174,653	1,876,589
Burial Expenses	1,480,000	8,180,000
Director's Fee	86,952,244	0
Other Payments	3,231,050	0
Packaging Material	14,880,000	0
Sundry Expenses	0	300,310,030
	120,717,947	387,081,587
56 - Social Benefits		
Settlement of Medical Treatment Claims	583,122	0
	583,122	0
60 - Other Transfers		
Contribution to CF (15%)	2,400,000	0
	2,400,000	0

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 NOTES TO FINANCIAL STATEMENTS

	2022/23 TZS	2021/22 TZS
62 - Cash and Cash Equivalents		
BoT Own source Collection Account	33,436	1,042,178
Deposit General Cash Account	7,947,351	0
Development Expenditure Cash Account	(3,063,192)	0
Own source Collection Account - CRDB	14,004,417	2,748,811
Own source Collection Account - NMB	0	814,120
Own source Development Expenditure	83,000	0
Own source Recurrent Expenditure GF	40,197,814	2,267,864
	59,202,826	6,872,973
67 - Receivables		
Imprest Receivable	14,520,950	0
Trade Receivables	9,042,014	9,042,014
	23,562,964	9,042,014
69 - Prepayments		
Prepayments - Assets	177,546,761	0
	177,546,761	0
70 - Inventories		
Coal	2,496,262	0
Consumables	45,573,898	0
Inventory-Raw materials	781,686,580	1,257,300
	829,756,740	1,257,300

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

NOTE 77: PROPERTY PLANT AND EQUIPMENT

Description	Cost			Depreciation			
	Cost-Opening On 01 July 2022	Cost - Addition Monetary	30 June 2023	Acc Depr- 01 July 2022	Charge for the year- 2022- 2023	Total 30 June 2023	Carrying Value 30 June 2023
Office buildings and structures	486,487,212	22,049,324.77	508,536,536.77	59,369,658	25,103,028.88	84,472,686.88	424,063,849.81
Motor Vehicles (Administrative)	222,346,913		222,346,913	93,339,125	55,586,728.29	148,925,853.29	73,421,059.71
Tractors, Trucks, Trailers, semi- trailers	37,000,000	49,998,500	86,998,500	5,395,833	9,250,000.00	14,645,833.33	72,352,666.67
Motorbikes, Motorcycles and bicycles	12,149,997		12,149,997	7,556,250	3,000,000.00	10,556,250.00	1,593,747.00
Generator		23,812,000	23,812,000				24,343,000.00
Laptops (2)		5,610,000	5,610,000				5,610,000.00
kitchen appliance		1,300,000	1,300,000				1,300,000.00
Scientific Equipment	79,813,863	8,275,000	88,088,863	9,311,617	15,962,772.60	25,274,389.95	62,814,473.05
Office Furniture and Fittings	18,869,500	531,000	19,400,500	9,913,083	3,773,900.00	14,297,316.26	4,572,183.74
Other Office Equipment	53,283,600		53,283,600	24,003,593	10,656,720.00	34,660,313.00	18,623,287.00
Total	909,951,085	111,575,824	1,021,526,910	208,889,159	123,333,149.77	332,222,309	689,304,601.00

Controller and Auditor General

AR/CG/TORITA/2022/23

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment NOTE: 5
2021/2022

Description	COST		DEPRECIATION			Carrying Value	
	Cost-Opening At 01 July - 2021	Cost - Addition Monetary	30-Jun-22	Acc Depr- 01-Jul - 2021	Charge for the year-	30-Jun-22	
Office buildings and structures	411,855,000	74,632,212	486,487,212	37,080,594.00	22,289,064.08	59,369,658.08	427,117,553.42
Motor Vehicles (Administrative)	130,000,000	92,346,913	222,346,913	48,750,000.00	44,589,125.00	93,339,125.00	129,007,788.16
Tractors, Trucks, Trailers, semi-trailers		37,000,000	37,000,000		5,395,833.33	5,395,833.33	31,604,166.67
Motorbikes, Motor cycles and bicycles	12,149,997		12,149,997	4,556,250.00	3,000,000.00	7,556,250.00	4,593,747.00
Scientific Equipment		79,813,863	79,813,863		9,311,617.35	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	9,913,083.13	8,956,416.87
Other Office equipment	22,475,800	30,807,800	53,283,600	6,742,740.00	17,260,853.00	24,003,593.00	29,280,007.00
Total	594,910,297	315,040,788	909,951,085	102,658,434	106,230,725.89	208,697,690.89	701,061,924.75

Controller and Auditor General

AR/CG/TORITA/2022/23

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

	2023	2022
89- Payable and Accruals	69,368,567	55,131,367
94 - Deposits		
Deposit General	7,947,351	0

NOTE ...: Reconciliation of Net Cash flows from Operating Activities to Surplus			
	2022/23		2021/22
	TZS		TZS
Surplus during the year	1,038,955,126		(65,559,377)
Non-cash movements			
Depreciation	123,333,150		106,230,726
Deposit	7,947,351		0
Increase in receivables	(14,520,950)		(2,649,261)
Increase in inventory	(828,499,461)		(9,444,899)
Increase in payables	14,237,200		59,286,064
Net cash flows from operating activities	341,452,438		87,863,253

NOTE: 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	341,452,438	-	289,122,585	52,329,853
Basis Differences	-	-	-	-
Timing Differences	-	-	-	-
Entity Differences	-	-	-	-
Actual Amount in the Statement of Cash Flows	341,452,438	-	289,122,585	52,329,853

5.7 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 Tumbl 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.

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS	Head Office, Tobacco Research Institute of Tanzania (TORITA), P. O. Box 431, Tabora, Tanzania.
BANKERS	CRDB Bank Plc, Tabora Branch, P. O. Box 889, Tabora, Tanzania. National Microfinance Bank (NMB) Limited, Mihayo Branch, P. O. Box 211, Tabora, Tanzania. Bank of Tanzania, 2 Mirambo Street 1184, P. O. Box 2303, Dodoma, Tanzania.
SECRETARY TO THE BOARD	Research Director

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF AGRICULTURE
 T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
 NOTES TO FINANCIAL STATEMENTS

	Tobacco Research Institute of Tanzania (TORITA), P. O. Box 431, Tabora, Tanzania.
AUDITORS	Controller and Auditor General, National Audit Office of Tanzania, P. O. Box 950, 41104 Tambukarell, Dodoma, Tanzania.

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.

5.7.1 STATEMENT OF COMPLIANCE

The Corporation's financial statements have been prepared by 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.

5.7.2 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 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.

5.7.3 REPORTING PERIOD

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

The reporting period for these financial statements is the financial year of the Corporation which runs from 1 July 2021 to 30 June 2023.

5.7.4 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 & 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.

Revenues

Revenue relating to tobacco research levies, and others are accounted for on an accrual basis.

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 of receivables. The amount of the provision is

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

recognized in the income statement. Bad debts are written off after all steps to recover them have failed.

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:

	2022/23	2021/22
	TZS	TZS
Employer's PSSSF contribution	17,617,296	15,139,554

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.

Related Party Transactions

There were related party transactions, which represent the following:

	2022/23	2021/22
	TZS	TZS
Board member's meeting and travelling allowances	86,952,244	61,046,719
Remuneration to key management	352,345,927	255,396,000

Functional and Presentation Currency

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

5.7.5 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

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

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.

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 2022/23 the Institute received a government revenue grant of TZS 652,971,133 to finance the recurrent expenditures.

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.

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.

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.

5.7.6 1EVENTS 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

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
T1020000-TOBACCO RESEARCH INSTITUTE OF TANZANIA (TORITA)
NOTES TO FINANCIAL STATEMENTS

(TARI) by June 2024. The transfer do not affect the financial statements of the year end 30th June 2023.

5.7.7 CASH FLOW RECONCILIATION

	2023 TZS
1.17.1 REVENUE	
1 Government Grant as per Statement of Financial Performance	509,968,200
Less: Adjustment for Audit Fee	14,000,000
Government Grant as per Statement of cash flow	495,968,200
2 Cash receipts from exchange transactions as per Statement of Financial Performance	692,125,282
Less; Adjustment of Non cash	0
Cash receipts from exchange transactions as per Statement of cash flow	692,125,282
3 Government Subvention as per Statement of Financial Performance	1,249,104,413
Less; Adjustment of Revenue Grants Non-Monetary (seeds)	780,429,280
Subvention for Other Charges	23,093,060
Subvention For Personal Emolument	
3 Government Subvention as per Statement of cash flow	445,582,073
1.17.2 Cash Payments	
1. Use of goods and services as per Statement of Financial Performance	605,810,540
Add: Imprest receivable	14,520,950
Other Transfer	2,400,000
	2,790,547
use of goods and services as per Statement of cash flow	625,522,037
2. Wages, Salaries and Employee Benefits as per Statement of Financial Performance	540,172,155
Less; Adjustment of Wages, Salaries and Employee Benefits From	
Wages, salaries and Employee Benefits from Statement of cash flow	540,172,155
3. Other expenses as per Statement of Financial Performance	120,717,947
Less: Adjustment for Audit Fees	14,000,000
other expenses as per Statement of cash flow	106,717,947
4. Social benefits as per Statement of Financial Performance	583,122
Less: Adjustment of Non cash	0
social benefits as per Statement of cash flow	583,122
5 Maintenance Expense as per Statement of Financial Performance	19,225,856
Less: Adjustment of Non cash	0
maintenance Expense as per Statement of cash flow	19,225,856