



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



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

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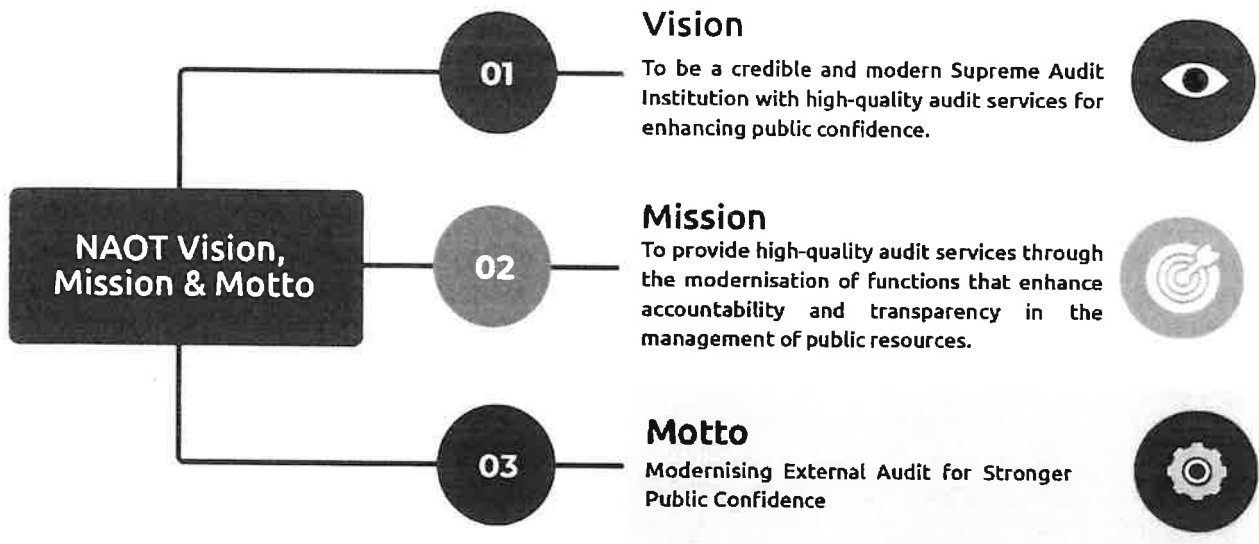
March 2025

AR/PA/TIRDO/2023/24

About the National Audit Office

Mandate

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



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

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We value and work together with internal and external stakeholders.

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



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

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

Creativity and Innovation

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

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Abbreviations

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
COSTECH	Tanzania Commission for Science and Technology
ICT	Information Communication Technology
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
PSSSF	Public Service Social Security Fund
TFRS	Tanzania Financial Report Standard
TIRDO	Tanzania Industrial Research and Development Organisation
NAO	National Audit Office
URT	United Republic of Tanzania
TBS	Tanzania Bureau of Standards
DIT	Dar es Salaam Institute of Technology
SUA	Sokoine University of Agriculture
TPRI	Tropical Pesticides Research Institute
TPSF	Tanzania Private Sector Foundation
WAITRO	The World Association of Industrial Technology and Research Organization
COMSATS	The Commission on Science and Technology for Sustainable Development of the South
SADCAS	The Southern African Development Community Accreditation Services
WIPO	World Intellectual Property Organization
IAEA	International Atomic Energy Agency
CSIR	Council of Scientific and Industrial Research
UNIDO	United Nations Industrial Development Organization

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,
Governing Council
Tanzania Industrial Research and Development Organization (TIRDO),
P.O. Box 23235,
Dar es Salaam,
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

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

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

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Tanzania Industrial Research and Development Organization (TIRDO), in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance, Statement of Councillors' Responsibility and Declaration by the Head of Finance, but does not include the financial statements and my audit report thereon, which I obtained prior to the date of this auditor's report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the Tanzania Industrial Research and Development Organization (TIRDO), for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

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

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in Tanzania Industrial Research and Development Organization (TIRDO), for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

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


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



2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE

In compliance with the Establishment Act of the Organization, the Public Corporations Act, 1992 and the Tanzania Financial Reporting Standard (TFRS No 1) on the Annual Director's Report, the Councillors submit their report together with Financial Statements of the Organization for the year ended 30 June 2024.

2.1 Corporate Profile

2.1.1 Legal Status and Ownership

TIRDO is a body corporate established in 1979 under the TIRDO Establishment Act No. 5 of 1979, which came into operation on 1 April 1979. The entity is a parastatal organization wholly owned by the Government of URT through the Ministry of Industry and Trade. The organization is mandated to assist the industrial sector in the country through the delivery of technical expertise and support services in order to upgrade its technological base.

2.1.2 Vision and Mission

Vision

To be a Centre of excellence in provision of innovative solutions for a competitive industrial sector.

Mission

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

2.1.3 Principal Activities

The principal functions of TIRDO include:

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

2.1.4 Financing Structure

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

2.1.5 Corporate Governance

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

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

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

2.1.6 Composition of the Governing Council

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

Table 1: Governing Council Members as at 30 June 2024

S/N	Name	Position	Qualifications	Nationality	Age
1.	Eng. Bashir Juma Mrindoko	Chairperson	MA. Engineering	Tanzanian	70
2.	Prof. Mkumbukwa M.A. Mtambo	Secretary/DG	PhD. Veterinary Medicine	Tanzanian	65
3.	Dr. Amos Muhunda Nungu	Member	PhD. in Telecommunication System	Tanzanian	49
4.	Mr. Peter Alanambula Ilomo	Member	MA. Health Management Policy and Planning	Tanzanian	69
5.	Dr. Abdulla Rashid Abdulla	Member	PhD. Industrial Economics	Tanzanian	52
6.	Prof. Sylvester Michael Mpanduji	Member	PhD. Agricultural Engineering	Tanzanian	63
7.	Prof. Maulilio John Kipanyula	Member	PhD. Bioscience and Biotechnology	Tanzanian	50
8.	Mrs. Christine F. Kilindu	Member	BSc. (Hons) In Management	Tanzanian	78
9.	Ms. Rhobi Daniel Sattima	Member	MA. Business Administration (Finance); CPA(T)	Tanzanian	48
10.	Dr. Lugano Wilson Mwansule	Member	PhD. Energy Engineering	Tanzanian	60

According to the TIRDO Establishment Act No. 5 of 1979, the Council is required to meet on quarterly basis each year. The Council has established two Sub-Committees to ensure a high

standard of corporate governance in the Organization. These are Finance & Audit Committee and Technical Programmes Committee.

2.1.7 Management

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

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

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

2.2 Strategic Objectives, Strengths and Links

2.2.1 Strategic Objectives

TIRDO corporate strategic plan had eight strategic objectives as follows;

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

2.2.2 Strategic Strengths

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

Its strategic strengths and role in industrial development is highlighted:

(i) Research and Development (R&D)

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

(ii) Technology Transfer and Commercialization

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

(iii) Standards and Quality Assurance

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

(iv) Capacity Building and Training

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

(v) Policy Advice and Advocacy

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

(vi) Collaboration and Partnerships

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

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

- The World Association of Industrial Technology and Research Organization (WAITRO);
- The Commission on Science and Technology for Sustainable Development of the South (COMSATS); and
- The Southern African Development Community Accreditation Services (SADCAS).
- World Intellectual Property Organization (WIPO);
- International Atomic Energy Agency (IAEA);
- Council of Scientific and Industrial Research (CSIR);
- United Nations Industrial Development Organization (UNIDO); and locally

TIRDO is also associated with the following Organizations: -

- The Commission for Science and Technology (COSTECH).
- Tanzania Bureau of Standards (TBS)
- Dar es Salaam Institute of Technology (DIT)
- Sokoine University of Agriculture (SUA)
- Tropical Pesticides Research Institute (TPRI)
- Tanzania Private Sector Foundation (TPSF)

2.2.3 Operating Model

TIRDO's Operating Model is summarized as follows:

NO	Strategic Objective	Inputs	Processes	Outputs	Outcome
1	HIV/AIDS infections and Communicable Diseases reduced, and supportive services provided	Budget, Non-partnerships with health organizations, training resources	Awareness campaigns, capacity building, access to health services	Reduced cases of HIV/AIDS and NCDs, improved workforce health	Increased productivity and reduced healthcare costs
2	National Anticorruption strategy enhanced, sustained, and implemented	Ethical policies, training resources, governance frameworks	Training, monitoring, adherence to anti-corruption frameworks	Compliance with the Anticorruption policy, reduced corruption incidents	Improved governance and public trust
3	Research across sectors enhanced and sustained	Research activities funding, skilled researchers, industry collaboration and International Research institutes collaboration	Conducting sector-specific research, Collaborate with Industries in Research projects, promoting applied R&D	Increased outputs, increased technologies and innovative solutions	Enhanced industrial innovation and competitiveness
4	ISO-certified laboratory services provided	Accredited equipment, skilled	Proficiency Testing, User samples testing,	Laboratories achieving ISO certification	Increased industry confidence in quality standards,

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		personnel, certification frameworks,	calibration, certification and accreditation	(accreditation), reliable test results, improved product quality	Improved market share of Tanzanian products
5	Energy-efficient and low-emission production processes in industries promoted	Green energy technology, R&D funding, equipment, environmental expertise	Research, development, and dissemination of energy-efficient technologies	Adoption of green technologies, reduced industrial emissions, industries and large energy consumers audited.	Improved environmental sustainability and cost efficiency. Improved energy management practices.
6	Industrial technical and technology transfer services for industrial development enhanced	Advanced technical tools, skilled personnel, training programs	Technical support, technology transfer, training	Increased adoption of local technologies, skilled workforce	Growth in locally driven industrial innovations
7	Governance structure and systems for effective performance of the Organization sustainably enhanced	Leadership training, governance frameworks, organizational resources	Review and implementation of governance structures	Improved governance systems, transparent reporting	Enhanced organizational efficiency and alignment with national industrialization goals

2.3 Major Achievements and Future Plans

2.3.1 Major achievements include

- (i) Industrial supervision activities including the Kilimanjaro International Leather Industries, CPB Rice Paddy processing factory, Soda Ash processing plant feasibility study in Arusha and MSD Gloves Manufacturing Factory;
- (ii) Industrial Mapping Project for the Northern zone including Kilimanjaro and Tanga Region;
- (iii) A total of twelve research projects that aimed at developing technologies for value addition in industrial processes were successively implemented in areas of leather processing, cassava processing, seaweed value addition, mushroom substrate blocks, essential oil productions, coal briquetting technology, among others;
- (iv) Infrastructure enhancements in terms of laboratory equipment for the food microbiology laboratory, chemical processing laboratory, energy laboratory and leather-testing laboratory;
- (v) Technical services provision to industries in areas of Non-Destructive Testing (NDT), energy auditing, environmental auditing, ESIA among others;
- (vi) Development of the National Industrial Information Management System (NIIMS);
- (vii) The Organization also established 20 technical collaborative agreements with Research Institutions, Higher Learning Institutions and Private companies inside and outside Tanzania;
- (viii) Quality Management Manual and Quality Management Procedures were prepared and submitted to SADCAS for review;
- (ix) Established coal reference laboratory that serves the Nation on coal quality testing. Through this laboratory, TIRDO was able to advice the Government on the quality of the

Tanzanian coal.

2.3.2 Future Plans

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

2.4 Commercial and Operational Risks

2.4.1 Risks

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

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

2.4.2 Financial Risk Management Objectives and Policies

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

2.4.3 An Overview of the Financial Performance for the year 2023/24

In recent years, the Organisation's financial performance has not been satisfactory including the year under review. With the assistance of the Government, the Council is poised to address this situation in the short term, medium and long term. The summarized comparative financial performance for the two years ended 30 June 2024 is shown in Table 2.

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

Narration	Actual 2023/24 TZS	Actual 2022/23 TZS	Performance Change in %
Government Grants			
Personnel Emoluments Grant (Note 12)	2,579,385,958	2,324,967,495	11%
Development Funds (Note 12)	983,475,477	375,130,490	162%
Industrial Mapping (Note 12)	500,000,000	0	100%
Other Development Grants (Note 14)	2,000,000	187,784,438	99%
Total Grants	4,064,861,435	2,887,882,423	41%
Own Revenue			
Rentals (Note 13)	1,210,411,875	901,669,266	54%
Research & Consultancy (Note 13)	476,572,833	786,356,562	39%
Other Income (Note 13)	24,486,000	56,243,552	56%
Total Internally Generated Revenue	1,711,470,708	1,744,269,380	8%
Fair value Gains on Assets and Liabilities	13,141,248	0	100%
Total Revenue	5,789,473,391	4,632,151,803	-29%
Total Expenses Excluding Depreciation	4,763,074,155	4,831,437,021*-	1%
Operating Surplus/(Deficit)	1,203,068,548	-199,285,218	704%
Depreciation	514,944,398	770,675,483	33%
Disposal of Asset/ Donation to CARMATEC	198,852,840		
Other transfers - consolidated fund	5,000,000	-	
Expected Credit Loss (Note 22)	318,245,428	977,879,780	72%
Impairment of assets, Net	28,697,760	-	
Surplus/(Deficit) for the year	(39,241,190)	(1,947,840,481)	118%

Source: Audited Financial Statements for the respective years

2.4.4 The annual Revenue Budget Proposal Submitted to the Ministry of Industry and Trade for Approval

The budget estimates of Government subventions and internally generated revenue proposed by the Council and the amounts approved by the Parent Ministry are summarised in Table 3.

Table 3: Budget Estimates Proposed and the Estimates Approved for Year 2023/24

Revenue Item	Proposed Budget Estimate year 2023/24 TZS	Approved Budget Estimate year 2023/24 TZS	(%) of Original Proposal Estimate
Government Grants			
Personnel Emoluments	3,711,839,811	3,711,839,811	100%
Other Charges	0	0	0%
Development Grant	1,500,000,000	1,500,000,000	100%
Total Grants	5,211,839,811	5,211,839,811	100%
Internally Generated Revenue			
Revenue from Exchange Transactions	5,955,850,988	5,955,850,988	100%
Other Revenue	0	0	0%
Total Internally Generated Revenue	5,955,850,988	5,955,850,988	100%
Gross Revenue Budget	11,167,690,799	11,167,690,799	100%

Source: Approved Budget for the year 2023/24

2.4.5 Annual Approved Revenue Budget Vs Actual Revenue Collection

The actual financial performance results for the year 2023/24 compared with the approved budget estimates are summarised in Table 4.

Table 4: Actual Revenue Compared with Approved Budget Estimate for 2023/24

Revenue Item	Approved Budget Estimate TZS	Actual Receipts TZS	% of Approved Budget Estimate
Government Grants			
Personnel Emoluments	3,711,839,811	2,579,385,958	69%
Development Grant	1,100,000,000	390,511,268	36%
Industrial Mapping	400,000,000	500,000,000	125%
Total Government Grants	5,211,839,811	3,469,897,226	67%
Internally Generated Revenue:			
Research & Consultancy Fees	5,080,426,527	146,120,026	3%
Rentals	875,424,461	1,210,411,875	138%
Other revenue	0	24,486,000	100%
Other Development Grant	0	2,000,000	100%
Total Internally Generated Revenue	5,955,850,988	1,383,017,901	32%
Gross Revenue	11,167,690,799	4,852,915,127	43%

Source: Approved Budget and Audited Financial Statements for 2023/24

2.5 Employees Welfare

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

2.6 Related Party Transactions

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are included in the note 1.8 appended to the financial statements.

2.7 Borrowings

The Organization is financed through revenue and capital grants from its sole shareholder, the Government of the United Republic of Tanzania. At the date of the financial statements under report, the Organisation did not have any liabilities arising from borrowings.

2.8 Disabled Persons

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

2.9 Statement of Compliance with Laws and Other Regulatory Requirements

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

2.10 Future Outlook

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

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

2.11 Future Development Plans

TIRDO has developed new Corporate Strategic Plan 2021/22-2025/26 that will go concurrent with the third five years Development Plan (FYDP III) 2021/22-2025/26 with the theme *"Realising Competitiveness and Industrialization for Human Development"*. The strength of the Organization will be in acquiring and developing a human resource capacity which will have to turn the Organization into a learning Organization which can cope with change and compete regionally and internationally. TIRDO must create capacity, provide demand driven services and

work closely with the Private Sector and the industry. This includes winning more research and consultancy contracts and collaboration with other international research Organizations in doing projects and creating outputs and products of international nature. This is the only way to play its role of supporting the evolution of a competitive national industrial sector and creating the desired impact.

2.12 Statutory Auditor

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

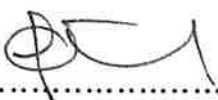
2.13 Acknowledgement

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

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

2.14 APPROVAL OF THE FINANCIAL STATEMENTS

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



PROF. MKUMBUKWAM.A. MTAMBO
DIRECTOR GENERAL

24.3, 2025

DATE



ENG. BASHIR JUMA MRINDOKO
COUNCIL CHAIRPERSON

STATEMENT OF COUNCILLORS' RESPONSIBILITIES

The Council Chairperson of Governing Council is responsible for the preparation and fair presentation of the Financial Statements, comprising the Statement of Financial Position at 30 June 2024, and the statement of financial performance, the statement of changes in equity and statement of cash flows for the year ended 30 June 2024, and notes to the financial statements, which include the summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS).

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

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

Approval of the Financial Statements

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


.....

ENG. BASHIR JUMA MRINDOKO
COUNCIL CHAIRPERSON

24.3
....., 2025

DATE

3.0 DECLARATION OF THE HEAD OF FINANCE

According to the powers conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, National Board of Accountants and Auditors (NBAA) requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Governing Council and Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Body as under Councilors Responsibility statement on an earlier page.

I Jacobsen K. David, Director of Finance of Tanzania Industrial Research and Development Organization (TIRDO) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that, the financial statements give a true and fair view in all material respect, the financial position, financial performance and cash flows of the Tanzania Industrial Research and Development Organization (TIRDO) as at 30 June 2024, in accordance with the International Public Sector Accounting Standards (IPSAS) and that they have been prepared based on properly maintained financial records.

Signed by:*Jacobsen*.....

Position: **Director of Finance**

NBAA Membership No: **ACPA 4415**

Date:*24.3*....., 2025

4.0 FINANCIAL STATEMENTS


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		2023/24	2022/23
ASSETS	Note	TZS	TZS
Current Assets			
Cash and Cash equivalent	2	81,272,458	570,505,176
Trade and Other Receivables	3	274,150,327	363,278,879
Advances to Other Government Entities	4	253,634,558	253,634,558
Inventory	5	<u>63,262,071</u>	<u>82,662,479</u>
Total Current Assets		672,319,414	1,270,081,092
Non-Current Assets			
Property, Plant and Equipment	6	144,589,315,835	144,901,263,076
Capital Work In Progress	7	2,541,396,672	2,341,588,369
Intangible Assets	8	-	2,135,742
Investment Property	9	<u>2,285,589, 976</u>	<u>2,208,786,122</u>
Total Non-Current Assets		<u>149,416,302,483</u>	<u>149,453,773,309</u>
TOTAL ASSETS		150,088,621,897	150,723,854,401
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	2,605,253,655	2,602,246,972
Deferred Income	10.1	147,914,011	740,878,219
Unapplied Deposits Account	10.2	<u>500,000</u>	<u>6,533,789</u>
Total Current Liabilities		<u>2,753,667,666</u>	<u>3,349,658,980</u>
NET ASSETS		<u>147,334,954,231</u>	<u>147,374,195,421</u>
CAPITAL AND RESERVES			
Capital Fund	11	824,589,688	824,589,688
Accumulated Surpluses		<u>146,510,364,543</u>	<u>146,549,605,733</u>
TOTAL CAPITAL AND RESERVES		<u>147,334,954,231</u>	<u>147,374,195,421</u>

Notes 1 to 31 form part of these financial statements.



PROF. MKUMBUKWAM.A. MTAMBO
DIRECTOR GENERAL



DATE



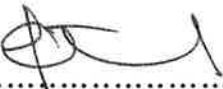

ENG. BASHIR JUMA MRINDOKO
COUNCIL CHAIRPERSON

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Note	2023/24 TZS	2022/23 TZS
REVENUE			
Revenue from Non-exchange transactions	12	4,062,861,435	2,700,097,985
Revenue from Exchange transactions	13	1,711,470,708	1,744,269,380
Other Development Grants Received	14	2,000,000	187,784,438
Other Income	15	<u>13,141,248</u>	-
TOTAL REVENUE		5,789,473,391	4,632,151,803
EXPENSES			
Wages, Salaries and Employee Benefits	16	3,132,394,176	2,917,346,894
Use of Goods and Services	17	1,415,888,737	1,671,352,422
Maintenance Expenses	18	70,004,964	49,494,829
Depreciation & Amortisation Expenses	19	514,944,398	770,675,483
Other Expenses	20	144,786,278	140,646,646
Social Benefits	21	-	51,796,230
Impairment of assets, Net		28,697,760	-
Expected Credit Loss	22	318,245,428	978,679,780
Donation in kind	23	<u>198,752,840</u>	-
TOTAL EXPENSES		<u>5,823,714,581</u>	<u>6,579,992,284</u>
Operating Surplus/(Deficits)		34,241,190	(1,947,840,481)
Other Transfers	24	<u>(5,000,000)</u>	-
Net Deficits for the Year		<u>(39,241,190)</u>	<u>(1,947,840,481)</u>

Notes 1 to 31 form part of these financial statements.

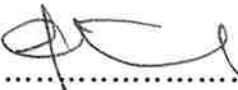
 PROF. MKUMBUKWAM.A. MTAMBO DIRECTOR GENERAL	24.3 DATE	 ENG. BASHIR JUMA MRINDOKO COUNCIL CHAIRPERSON
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TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

PARTICULARS	CAPITAL FUND	ACCUMULATED SURPLUS	TOTAL
	TZS	TZS	TZS
Balance at 1 July 2022	824,589,688	148,429,916,863	149,254,506,551
Prior year adjustments	-	<u>67,529,351</u>	<u>67,529,351</u>
Balance at 1 July 2022 - As restated	824,589,688	148,497,446,214	149,322,035,902
Net Deficits for the year	-	<u>(1,947,840,481)</u>	<u>(1,947,840,481)</u>
Balance at 30 June 2023	<u>824,589,688</u>	<u>146,549,605,733</u>	<u>147,374,195,421</u>
 Balance at 1 July 2023	 824,589,688	 147,459,956,162	 148,284,545,850
As previously stated,			
Prior Year Adjustments (Note 24)	-	<u>(910,350,429)</u>	<u>(910,350,429)</u>
As restated	824,589,688	146,549,605,733	147,374,195,421
Net Deficits for the Year	-	<u>(39,241,190)</u>	<u>(39,241,190)</u>
 Carried Forward at 30 June 2024	 <u>824,589,688</u>	 <u>146,510,364,543</u>	 <u>147,334,954,231</u>

Notes 1 to 31 form part of these financial statements.

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PROF. MKUMBUKWAM.A. MTAMBO
DIRECTOR GENERAL

.....24.3, 2025

DATE

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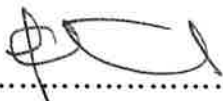


ENG. BASHIR JUMA MRINDOKO
COUNCIL CHAIRPERSON

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

		2023/24 TZS	2022/23 TZS
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Receipts from Non-Exchange Transactions	26.1	3,469,897,226	3,440,976,204
Receipts from Exchange Transactions	26.2	<u>1,383,017,901</u>	<u>1,712,236,580</u>
Total Receipts from Non-Exchange Transactions		4,852,915,127	5,153,212,784
PAYMENTS:			
Wages, Salaries and Employee Benefits	26.4	3,182,257,566	2,699,296,539
Use of Goods and Service	26.5	1,582,843,299	1,452,286,592
Social Benefits	25.6	-	51,796,230
Other Transfers Contribution to Consolidated Fund (CF)	26.7	5,000,000	0
Other Expenses	26.8	152,841,226	197,812,194
Maintenance Expenses	26.9	70,004,964	49,494,829
Decrease in Deposit	26.3	<u>6,033,789</u>	<u>0</u>
Total Payments		4,998,980,844	4,450,686,384
Net Cash flows from operating activities (A)		(146,065,717)	702,526,400
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of Property, Plant and Equipment	26.10	(131,882,328)	(321,784,844)
Payment for Work in Progress	26.11	<u>(224,744,710)</u>	<u>(216,134,115)</u>
Net Cash flows from Investing Activities (B)		(356,627,038)	(537,918,959)
Net (Decrease)/ Increase in Cash & Equivalents (A+B)		(502,692,755)	164,607,441
Cash & Cash Equivalents at the beginning of the year		<u>583,965,213</u>	<u>419,357,772</u>
Cash & Cash Equivalents at the end of the year	2	<u>81,272,458</u>	<u>583,965,213</u>

Notes 1 to 31 form part of these financial statements.



 24.3, 2025	
PROF. MKUMBUKWAM.A. MTAMBO DIRECTOR GENERAL	ENG. BASHIR JUMA MRINDOKO COUNCIL CHAIRPERSON

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

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

Description	Budgeted Amount		Final Budget (B)	Actual Amount on Comparison Basis (A)		Difference Final Actual (B-A)
	Original Budget	Reallocations/ Adjustments		TZS		
RECEIPTS:		TZS		TZS		TZS
Revenue Grants	5,211,839,811		0	5,211,839,811	3,469,897,226	1,741,942,585
Revenue from Exchange Transactions	5,955,850,988		0	5,955,850,988	1,383,017,901	4,572,833,087
Total Receipts	11,167,690,799		0	11,167,690,799	4,852,915,127	6,314,775,672
PAYMENTS:						
Wages, Salaries and Employee Benefits	4,991,707,050		0	4,991,707,050	3,182,257,566	1,809,449,484
Use of Goods and Service	3,834,589,943		0	3,834,589,943	1,409,026,866	2,425,563,077
Other Transfers	10,000,000		0	10,000,000	5,000,000	5,000,000
Other Expenses	499,402,000		0	499,402,000	152,841,226	346,560,774
Maintenance Expenses	196,820,000		0	196,820,000	70,004,964	126,815,036
Decrease in Deposit	0		0	0	6,033,789	-6,033,789
Payment for Work in Progress	900,000,000		0	900,000,000	224,744,710	675,255,290
Acquisition of Property, Plant and Equipment	735,171,806		0	735,171,806	305,698,761	429,473,045
Total Payment	11,167,690,799		0	11,167,690,799	5,355,607,882	5,812,082,917
Net Receipts/Payments	0		0	0	(502,692,755)	502,692,755

Notes 1 to 31 form part of these financial statements.

PROF. MKUMBUKWAM.A. MTAMBO

ENG. BASHIR JUMA MRINDOKO

DIRECTOR GENERAL

DATE

COUNCIL CHAIRPERSON

Controller and Auditor General

AR/PA/TIRDO/2023/24

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH IPSASs

The financial statements which comprise the Statement of Financial Position as at 30 June 2024, Statement of Financial Position, Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts and Significant Accounting Policies and Notes to the financial statements for the year ended 30 June 2024 have been prepared in all material respects in compliance with the requirements of the International Public Sector Accounting Standards (IPSASs).

1.2 CHANGE IN ACCOUNTING POLICY

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

1.2.1 THE IMPACT OF CHANGE IN ACCOUNTING POLICY

The impact of introducing IPSAS 41 is the emergence of Expected credit loss /gain in the Financial Statements by having different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash flows with Exposure at Default (EAD) (Balance) at the end of the financial year.

The Entity operates with the following Banks with global ratings and Probability of Default (PD) as detailed below.

Name of the Bank	Rating Agency	Score	Probability of Default (PD)
NMB PLC	Moody's	B2	2.16%
CRDB PLC	Moody's	B1	2.16%
DESCRIPTION	CASH AND BANK BALANCE	ACCUMULATED DEFICIT	REASON
	TZS	TZS	
FINANCIAL YEAR 2022/2023	583,965,213	(969,960,701)	
EXPECTED CREDIT LOSS	<u>(13,460,037)</u>	<u>(13,460,037)</u>	Change in Accounting Policy
RESTATED BALANCE	<u>570,505,176</u>	<u>(983,420,738)</u>	Change in Accounting Policy

1.2.2 INPUTS INTO MEASUREMENT OF ECLS

The key inputs into the measurement of ECLs are the discounted product of: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Entity expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by

type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

This is supported by historical analysis.

CASH AND CASH EQUIVALENT

DESCRIPTION	2024 (TZS)	2023 (TZS)
Cash at Bank and on hand (Note 2)	81,591,247	583,965,212.88
Expected Credit Loss (ECL):		
Balance at 1 July	13,460,037	0
Charged during the year	(13,141,248)	13,460,037
Balance at 30 June	318,789	13,460,037
Cash as per Statement of Net Asset	<u>81,272,458</u>	<u>570,505,176</u>

Analysis of Cash and Cash Equivalent

For the purpose of the statement of cash flows, cash and cash equivalent comprises of the following balances with less than 12 months' maturity from the date of acquisition

DESCRIPTION	2024 (TZS)	2023 (TZS)
Cash as per Statement of Financial Position	81,272,458	570,505,176
Add: Expected Credit Loss closing balances	318,789	13,460,037
Gross Cash and Cash Equivalent	<u>81,591,247</u>	<u>583,965,213</u>

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.3.1 Going Concern

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

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

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

1.3.2 Basis of Accounting

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

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

1.3.3 Definition of Financial Statements under IPSASs Financial Reporting Framework

The financial statements comprise the Statement of Performance, Statement of Financial Position, Statement of Changes in Net Assets/Equity, Statement of Cash Flow and Significant Accounting Policies and Notes. Income and expenses are recognised in the statement of financial performance. Analysis of expenses in the statement of financial performance is given by nature.

The preparation of financial statements is in conformity with International Public Accounting Standards (IPSASs) that requires the use of estimates and assumptions. It also requires the management to exercise prudent judgment in the process of applying the accounting policies adopted by the Organisation. Although such estimates and assumptions are based on the Council's best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to

such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in the notes.

1.3.4 Reporting Currency and Translation of Foreign Currencies

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

1.3.5 Revenue Recognition

1.3.5.1 Revenue

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

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

1.3.5.2 Grants

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

1.3.6 Property, Plant and Equipment

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

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

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

Assets Category	Estimated useful life (Years)
Buildings	50
Plant & Machinery	15
Furniture & Fixture	10
Office Equipment	10
Computer Peripherals	8
Motor Vehicles	10

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item. The Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining the surplus or deficit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to accumulated surplus.

1.3.7 Intangible Assets

Intangible assets are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised). All categories of intangible assets which may comprise data bases, processors, accounting software and website planning and hosting costs etc are stated at historical cost or fair value and amortised within ten years at the rate of 10%.

1.3.8 Investment Property - Cost Model

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

1.3.9 Impairment of Non-Financial Assets

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

1.3.10 Inventories Valuation

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

1.3.11 Retirement Benefits and Other Social Security Schemes Obligations

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

1.3.12 Accrued Employees' Statutory Benefits

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

1.3.13 Borrowing Costs

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

1.3.14 Financial Instruments

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

1.3.14.1 Loans and Receivables

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

1.3.14.2 Financial Assets

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

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

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

1.3.14.3 Financial Liabilities

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

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

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

1.3.15 Provision for Liabilities and Charges

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

1.3.16 Cash and Cash Equivalents

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

1.3.17 Capital Fund

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

1.4 SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

1.4.1 Impairment Loss Estimation

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

1.5 RISK MANAGEMENT OBJECTIVES AND POLICIES**1.5.1 Financial Risk Management**

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

1.5.2 Credit Risk

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

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

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

1.5.3 Liquidity Risk

Liquidity risk is the risk that the Organisation will encounter difficulty in meeting obligations associated with financial liabilities. The Organisation mitigates these risks through government subvention funding to meet its capital requirements and working capital requirements on an annual basis based on subventions funding. The Government of the United Republic of Tanzania is also in the process of formalising arrangement to fund research and development activities of Government owned Research Institutions by allocating 1% of Gross Domestic Product in an effort to further enhance research and development activities in the country.

1.5.4 Capital Management

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

1.6 PROPERTY, PLANT AND EQUIPMENT

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

1.6.1 Land

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

1.6.2 Buildings

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

1.6.3 Equipment, Loose Tools and Furniture

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

1.6.4 Motor Vehicles

There are Eight running motor vehicles which are carried out valuation. Four of these eight were acquired more than ten years ago.

Capital Works in Progress

The composition and movement in capital works in progress TZS 2,541,396,672 disclosed in the statement of financial position as at 30 June 2023 is summarised in the table below:

Particulars	30 June 2023	Addition in Monetary	Addition in non-monetary	Transfer/Donation	30 June 2024
Admin Building	2,029,412,009	224,744,710	-	-	2,254,156,719
Engineering Workshop	113,423,520	-	-	-	113,423,520
Machinery and Equipment	198,752,840	-	173,816,433	(198,752,840)	173,816,433
Total TZS	2,341,588,369	224,744,710	173,816,433	(198,752,840)	2,541,396,672

Source: WIP Register

1.7 PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The Statement of Comparison of the Budget and Actual Amounts based on accrual basis is presented as a separate financial statement to disclose the original and final budget and actual amounts on comparable basis. The Organisation's budget was initially endorsed by the Permanent Secretary for Ministry of Industry and Trade, Treasury Registrar and finally submitted to the parent Ministry for approval and tabling in the National Assembly by the responsible Minister during the 2023/24 budget session. Other silent features of the budget and a summary of performance review are highlighted in Note 21 to the financial statements.

1.8 RELATED PARTY TRANSACTIONS

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

Related Party	Numbers	2023/24 TZS	2022/23 TZS
Councillors Allowances & Meetings	10		
Councillors' Emoluments	-		
Councillors Meetings	-	71,000,000	71,000,000
Total	-		
Key Management Personnel Emoluments	7		
Salaries		324,690,500	324,690,500
Housing Allowance		42,200,000	18,000,000
House Rent (One Director)		30,000,000	30,000,000
Utilities Allowances		25,800,000	25,800,000
Other Benefits (One Director)		30,000,000	30,000,000
Total	17	452,690,500	499,490,500

Source: Human Resource Annual Report for 2023/24

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

1.9 FINANCIAL COMMITMENTS

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

1.10 CONTINGENT LIABILITIES

At 30 June 2024, the Organisation had no contingent liabilities in respect of banks, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that material liabilities may arise.

1.11 SUBSEQUENT EVENTS

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

1.12 CORRESPONDING FIGURES

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

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 2: CASH AND CASH EQUIVALENTS	2023/24	2022/23
	TZS	TZS
BOT Bank Accounts Balances	60,101,235	8,757,664
NMB Bank PLC	20,759,592	574,977,129
CRDB Bank PLC	230,420	230,420
Unapplied Cash Account	500,000	-
Gross Cash and Cash Equivalent	81,591,247	583,965,213
Less: Provision for ECL (Cash)	(318,789)	(13,460,037)
Net Cash and Cash Equivalents	81,272,458	570,505,176
 NOTE 3: TRADE AND OTHER RECEIVABLES		
Trade Receivables	1,423,482,479	1,105,347,049
Withholding tax deducted at source	33,279,618	-
Staff Receivables	202,767,921	326,876,709
Other Receivables	38,102,788	36,292,172
	1,697,632,806	1,468,515,930
Less: Provision for impairment	(1,423,482,479)	(1,105,237,051)
Net Receivables	274,150,327	363,278,879
 NOTE 4: ADVANCES TO OTHER GOVERNMENT ENTITIES		
SUMA JKT - Civil contractor	253,634,558	253,634,558
Total	253,634,558	253,634,558
 NOTE 5: INVENTORIES		
Consumable and Supplies	63,262,071	82,662,479
Total	63,262,071	82,662,479

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 6(a): PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2024

PARTICULARS	LAND	BUILDINGS	EQUIPMENT & MACHINERY	COMPUTER & PERIPHERALS	FURNITURE, FIXTURES & FITTINGS	AMMUNITION & LOOSE TOOLS	MOTOR VEHICLES	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST								
Balance at 1 July 2023	136,798,000,000	8,615,315,787	1,505,998,015	364,409,960	259,163,816	35,420,300	1,067,099,243	148,645,407,121
Additions - Cash (Note 26.10)	-	-	84,528,709	35,149,460	-	12,204,160	-	131,882,329
Additions - In kind (Note 27)	-	-	14,515,700	-	-	-	-	14,515,700
Balance at 30 June 2024	136,798,000,000	8,615,315,787	1,605,042,424	399,559,420	259,163,816	47,624,460	1,067,099,243	148,791,805,150
ACCUMULATED DEPRECIATION:								
Balance at 1 July 2023	-	1,610,588,182	1,186,478,955	223,936,139	239,034,475	29,472,594	454,633,700	3,744,144,045
Charge for Year	-	172,290,316	148,654,137	32,202,025	4,379,181	4,203,437	96,616,174	458,345,270
Balance at 30 June 2024	-	1,782,878,498	1,335,133,092	256,138,164	243,413,656	33,676,031	551,249,874	4,202,489,315
NET BOOK VALUE:								
At 30 June 2024	136,798,000,000	6,832,437,289	269,909,332	143,421,256	15,750,160	13,948,429	515,849,369	144,589,315,835

From the above fixed asset schedule, Motor vehicle TZS 104,500,000 are full depreciated.

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

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

PARTICULARS	LAND	BUILDINGS	EQUIPMENT & MACHINERY	COMPUTER & PERIPHERALS	FURNITURE, FIXTURES & FITTINGS	AMMUNITION & TOOLS	MOTOR VEHICLES	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST								
Balance at 1 July 2022	136,798,000,000	8,751,692,266	1,352,272,274	218,302,917	237,735,016	35,420,300	769,663,005	148,163,085,778
Additions - Cash	-	-	39,685,601	108,513,643	4,908,800	-	168,676,800	321,784,844
Additions - In kind (Note 27)	-	13,857,521	114,040,140	37,593,400	16,520,000	-	128,759,438	310,770,499
Transfer to Invest. Property	-	(150,234,000)	-	-	-	-	-	(150,234,000)
Balance at 30 June 2023	136,798,000,000	8,615,315,787	1,505,998,015	364,409,960	259,163,816	35,420,300	1,067,099,243	148,645,407,121
ACCUMULATED DEPRECIATION:								
Balance at 1 July 2022	-	1,469,003,188	957,610,833	155,730,057	210,219,421	22,388,534	241,213,851	3,056,165,884
Charge for Year	-	175,310,996	228,868,122	68,206,082	28,815,054	7,084,060	213,419,849	721,704,163
Transfer to Investment Property	-	(33,726,002)	-	-	-	-	-	(33,726,002)
Balance at 30 June 2023	-	1,610,588,182	1,186,478,955	223,936,139	239,034,475	29,472,594	454,633,700	3,744,144,045
NET BOOK VALUE:								
At 30 June 2023	136,798,000,000	7,004,727,605	319,519,060	140,473,821	20,129,341	5,947,706	612,465,543	144,901,263,076

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 7: CAPITAL WORK IN PROGRESS	2023/24	2022/23
	TZS	TZS
Balance as at 1 July	2,341,588,369	1,383,427,513
Additions - Cash	224,744,710	216,134,115
Additions - Non-Cash/Accrual (Note 26.10)	173,816,433	813,103,515
Asset Transfer-CARMATEC (Note 23)	(198,752,840)	-
Total Addition	2,541,396,672	2,412,665,143
Adjustment	-	(71,076,774)
Balance as at 30 June	2,541,396,672	2,341,588,369

NOTE 8: INTANGIBLE ASSETS

ACCOUNTING SOFTWARE

COST/ REVALUATION

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

ACCUMULATED AMORTIZATION:

Balance at 1 July	13,864,258	13,152,344
Charge for Year	2,135,742	711,914
Balance at 30 June	16,000,000	13,864,258
NET CARRYING AMOUNT	-	2,135,742

NOTE 9: INVESTMENT PROPERTY

COST:

Cost at 1 July	2,563,204,301	2,412,970,301
Addition	159,965,000	-
Transfer at 30 June	-	150,234,000
Impairment of asset - building	(36,792,000)	-
Total	2,686,377,301	2,563,204,301

DEPRECIATION:

Accumulated Depreciation at 1 July	354,418,179	272,432,771
Transfer at 30 June	-	33,726,002
Depreciation at 30 June	54,463,386	48,259,406
Accumulated depreciation on impairment	(8,094,240)	-
Accumulated Depreciation at 30 June	400,787,325	354,418,179

NET CARRYING AMOUNT	2,285,589,976	2,208,786,122
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NOTE 10: TRADE AND OTHER PAYABLES

Trade Payables	1,765,521,614	1,937,319,238
Employees' Benefits Payable	387,282,805	437,146,195
Utilities Payable	5,050,942	13,105,890
Deferred Rental Income	186,467,769	35,688,880
Withholding Tax Payable	2,751,386	7,549,206
VAT Payable	258,179,139	238,966,914
Total	2,605,253,655	2,669,776,323

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 10.1 DEFERRED INCOME

	2023/24	2022/23
	TZS	TZS
Balance at 1 July	740,878,219	-
Development Grant Received	890,511,268	3,440,976,204
Transferred to Revenue (Note 12) - Development Fund	(983,475,477)	(2,700,097,985)
Transferred to Revenue (Note 12) - Industrial Mapping	(500,000,000)	-
Balance at 30 June	<u>147,914,010</u>	<u>740,878,219</u>

NOTE 10.2 UNAPPLIED DEPOSITS ACCOUNT

Customer Rental Deposits	<u>500,000</u>	<u>6,533,789</u>
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NOTE 11: CAPITAL FUND

	2023/24	2022/23
	TZS	TZS
Balance at 1 July	824,589,688	824,589,688
Amount Received	-	-
Less: Reclassification of Capital Grant	-	-
Balance at 30 June	<u>824,589,688</u>	<u>824,589,688</u>

NOTE 12: REVENUE FROM NON-EXCHANGE TRANSACTIONS

Government Revenue Expenditure Subvention (Note 12.1)	2,579,385,958	2,324,967,495
Government Development Fund (Note 10.1)	983,475,477	375,130,490
Industrial Mapping (Note 10.1)	500,000,000	-
TOTAL	4,062,861,435	2,700,097,985

NOTE 12.1: REVENUE EXPENDITURE SUBVENTIONS

Salaries - Permanent & Pensionable	2,191,014,000	1,969,927,000
Employer's Pensions Contributions	313,680,225	286,093,050
Employer's NHIF Contributions	64,021,485	59,097,810
Employer's WCF Contributions	10,670,248	9,849,635
Total revenue expenditure Subvention	2,579,385,958	2,324,967,495

NOTE 13: REVENUE FROM EXCHANGE TRANSACTIONS

Research and Consultancy Fees (Note 13.1)	476,572,833	786,356,562
Rental Income from Investment Property	1,210,411,875	901,669,266
Other Revenue (Note 13.2)	24,486,000	56,243,552
TOTAL	<u>1,711,470,708</u>	<u>1,744,269,380</u>

NOTE 13.1: RESEARCH AND CONSULTANCY FEES

Materials Science	-	5,908,800
Special and General Consultancy	476,572,833	780,447,762
Total	<u>476,572,833</u>	<u>786,356,562</u>

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 13.2: OTHER REVENUE

	2023/24	2022/23
	TZS	TZS
Conference facilities	1,686,000	-
Miscellaneous Income	22,800,000	31,143,552
Inventories Net realizable value	-	25,100,000
TOTAL	24,486,000	56,243,552

NOTE 14: OTHER DEVELOPMENT GRANTS RECEIVED

Donation from BRELA	2,000,000	-
Other Grant - Non-Monetary	-	187,784,438
TOTAL	2,000,000	187,784,438

NOTE 15: OTHER INCOME

Decrease in expected credit loss for cash	13,141,248	-
TOTAL	13,141,248	-

NOTE 16: SALARIES, WAGES AND BENEFITS

Acting Allowance	-	1,316,000
Casual Labourers	23,891,800	22,925,750
Civil Servants	2,579,385,958	2,324,967,495
Councilors Allowance	37,324,375	54,674,899
Electricity	-	7,012,662
Electricity Allowance	45,000	6,318,816
Extra Duty	168,814,453	119,512,300
Facilitation Allowance	72,718,500	1,470,000
Food and Refreshment	40,297,917	45,642,650
Furniture Allowance	8,000,000	13,000,000
Honoraria	59,059,457	80,628,248
Housing Allowance	2,690,400	71,962,900
Internship Allowance	31,067,818	-
Leave Travel	22,320,498	18,096,400
Medical and Dental Refunds	700,000	440,000
Moving Expenses	27,384,000	-
Outfit Allowance	600,000	300,000
Professional Allowances	1,000,000	844,000
PSSSF	-	95,751
Responsibility Allowance	246,000	12,200,000
Sitting Allowance	32,070,000	67,865,500
Special Allowance	12,422,000	45,496,023
Subsistence Allowance	6,020,000	-
Telephone charges	147,500	6,417,500
Telephone	500,000	-
Telephone Allowance	5,088,500	16,160,000
Transport Expenses	600,000	-
TOTAL	3,132,394,176	2,917,346,894

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 17: USE OF GOODS AND SERVICES	2023/24	2022/23
	TZS	TZS
Accommodation	-	300,000
Advertising and publication	14,280,000	18,785,530
Air Travel Tickets	22,153,100	27,936,058
Books, Reference and Periodicals	1,090,000	650,000
Catering Services	1,500,000	-
Cleaning Supplies	-	2,063,323
Contract based training services	1,250,000	-
Diesel	98,734,658	68,122,400
Electricity	92,597,383	75,701,950
Entertainment	36,617,945	34,090,000
Exhibition, Festivals and Celebrations	8,536,766	20,131,933
Food and Refreshments	33,642,377	21,152,030
Ground Transport (Bus, Train, Water)	82,248,981	74,123,481
Internet and Email connections	20,196,020	10,733,000
Laboratory Supplies	15,949,400	28,859,850
Land Rent Expenses	-	150,190,343
Lubricants	486,308	-
Mobile Charges	200,000	-
Newspapers and Magazines	-	782,000
Office Consumables (stationery)	67,809,718	49,421,983
Outsourcing Costs (cleaning and security services)	9,908,478	20,077,397
Per Diem - Domestic	616,738,260	459,909,170
Per Diem - Foreign	123,516,156	13,256,263
Posts and Telegraphs	300,000	4,802,200
Printing and Photocopying Costs	35,329,140	26,586,840
Protective Clothing, footwear and gears	20,000	-
Publicity	3,750,000	-
Rent - Housing	25,178,500	27,701,980
Research and consultancies	-	371,142,049
Subscription Fees	4,673,000	350,000
Training Allowances	131,000	19,040,210
Training Materials	-	104,276,518
Tuition fees	70,225,938	21,599,250
Uniforms	4,750,000	1,980,000
Upkeep of Grounds and Amenities	-	-
Water Charges	24,000,609	16,146,664
Water Transport	75,000	1,440,000
TOTAL	1,415,888,737	1,671,352,422

NOTE 18: MAINTENANCE EXPENSES

Motor Vehicles and Water Craft	3,263,421	3,366,103
Outsource maintenance contract services - Buildings	4,559,940	
Outsource maintenance contract services - Machinery, Equip & Plant	55,217,500	39,385,119
Outsource maintenance contract services - Roads and Bridges	550,000	
Spare Parts	1,391,103	1,686,675
Tyres and Batteries	5,023,000	5,056,932
TOTAL	70,004,964	49,494,829

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 19: DEPRECIATION AND AMORTISATION EXPENSES	2023/24	2022/23
	TZS	TZS
Buildings (Note 6)	172,290,316	175,310,996
Equipment & Machinery (Note 6)	148,654,137	228,868,122
Computer Peripherals (Note 6)	32,202,025	68,206,082
Furniture, Fixtures & Fittings (Note 6)	4,379,181	28,815,054
Ammunition & Loose Tools (Note 6)	4,203,437	7,084,060
Motor Vehicles (Note 6)	96,616,174	213,419,849
Total depreciation on Property, Plant & Equipment (Note 6)	458,345,270	721,704,163

Intangible Assets Amortization (Notes 8)	2,135,742	711,914
Investment Property (Notes 9)	54,463,386	48,259,406
Total depreciation and amortization	514,944,398	770,675,483

NOTE 20: OTHER EXPENSES

Audit fees	51,000,000	54,198,440
Audit supervision expenses	22,080,000	4,150,000
Bank Charges and Commissions	-	1,076,502
Burial Expenses	1,560,000	2,590,000
Consultancy fees	7,280,000	6,473,500
Director's Fee	39,750,000	44,000,000
Insurance Expenses	6,864,673	29,456,604
Special Operation Service	2,580,000	-
Sundry Expenses	13,671,605	(498,400)
Asset adjustment (Note 25)	-	(800,000)
Total	144,786,278	140,646,646

NOTE 21: SOCIAL BENEFITS

Retirement benefits	-	51,796,230
Total	-	51,796,230

NOTE 22: EXPECTED CREDIT LOSS

Cash and Cash Equivalents (Note 25)	-	13,460,037
Trade Receivables (Note 25)	318,245,428	965,219,743
Total	318,245,428	978,679,780

NOTE 23: DONATION IN KIND

Equipment donated to CARMATEC (Note 7)	198,752,840	-
Total	198,752,840	-

NOTE 24: OTHER TRANSFERS

Other Transfers - consolidated fund	5,000,000	-
Total	5,000,000	-

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 25: PRIOR YEAR ADJUSTMENTS

	2023/24	2022/23
	TZS	TZS
Expected Credit Loss on Trade Receivables (Note 22)	965,219,743	-
Expected Credit Loss on Cash and Cash Equivalents (Note 22)	13,460,037	-
Asset adjustment (Note 20)	(800,000)	-
Other prior year items	(67,529,351)	(67,529,351)
Total	<u>910,350,429</u>	<u>(67,529,351)</u>

The effect of the prior year adjustments is as follows:

- (i) Increase in deficit for the year 2022/23 by TZS 910,350,429;
- (ii) Increase in surplus for the year 2021/22 by TZS 67,529,351;
- (iii) Decrease in trade and other receivables as at 30 June 2023 by TZS 965,219,743;
- (iv) Decrease in Cash and Cash equivalents as at 30 June 2023 by TZS 13,460,037; and
- (v) Increase in property, plant and equipment as at 30 June 2023 by TZS 800,000.

NOTE 26: PAYMENTS FOR CASH FLOW STATEMENT

NOTE 26.1: RECEIPTS FROM NON-EXCHANGE TRANSACTIONS

Government Grant- Personal Emolument	2,579,385,958	2,324,967,495
Government Grant- Development Fund	1,483,475,477	375,130,490
Add/Less (Change in Working Capital):		
Development Deferred Income Addition	(1,483,475,477)	
Deferred Subvention Capital	890,511,268	740,878,219
Total Receipts	<u>3,469,897,226</u>	<u>3,440,976,204</u>

NOTE 26.2: RECEIPTS FROM EXCHANGE TRANSACTIONS

Revenue from Conference Facilities	1,686,000	-
Donation-BRELA	2,000,000	-
Miscellaneous Revenue	22,800,000	31,143,552
Professional Fees	22,772,857	5,908,800
Revenue from Consultancy Fees	476,572,833	780,447,762
Revenue from Rent of Government Quarters	1,210,411,875	869,636,466
Change in Working Capital: Trade Receivables	(353,225,664)	25,100,000
Less: Other Revenue	-	-
Total Receipts	<u>1,383,017,901</u>	<u>1,712,236,580</u>

NOTE 26.3: DEPOSITS

(Reduction)/Additions in Deposit	(6,033,789)	68,337,229
Total	<u>(6,033,789)</u>	<u>68,337,229</u>

NOTE 26.4: WAGES, SALARIES AND EMPLOYEE BENEFITS

Wages, Salaries and Employee Benefits	3,132,394,176	2,917,346,894
Add/Less: Change in Working Capital	49,863,390	(218,050,355)
Total Payment	<u>3,182,257,566</u>	<u>2,699,296,539</u>

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE 26.5: USE OF GOODS AND SERVICES

	2023/24	2022/23
	TZS	TZS
Use of Goods and Service	1,415,888,736	1,671,352,422
Adjustment for:		
Changes in inventories - consumables	-19,400,408	-
Changes in Trade payables	171,797,624	(649,178,253)
Changes in rental income deferred	-150,778,889	46,582,170
Changes in VAT Payable	-19,212,225	(39,023,278)
Advances to other business entities	-	372,769,522
Changes in staff receivable/imprest	-124,108,788	51,655,882
Other changes (unreconciled)	130,042,996	(1,871,873)
Withholding tax	4,797,820	-
WIP - Buildings	173,816,433	-
Total Expenses	1,582,843,299	1,452,286,592

NOTE 26.6: SOCIAL BENEFITS

Retirement benefits -Social	-	51,796,230
Total Payment	-	51,796,230

NOTE 26.7: OTHER TRANSFERS

Contribution to Consolidated Fund (15%)	5,000,000	-
Total Payment	5,000,000	-

NOTE 26.8: OTHER EXPENSES

	2023/24	2022/23
	TZS	TZS
Other Expenses (Note 20)	144,786,278	140,646,646
Adjustment for:		
Changes in Utilities payable	8,054,948	39,383,594
Changes in other receivables	-	16,981,954
Asset Adjustment	-	800,000
Total Payment	152,841,226	197,812,194

NOTE 26.9: MAINTENANCE EXPENSES

Motor Vehicles and Water Craft	3,263,421	3,366,103
Outsource maintenance contract services - Buildings	4,559,940	-
Outsource maintenance contract services - Machinery, Equipment and Plant	55,217,500	39,385,119
Outsource maintenance contract services - Roads and Bridges	550,000	-
Spare Parts - Vehicles and Transportation Equipment	1,391,103	1,686,675
Tyres and Batteries	5,023,000	5,056,932
Total Payment	70,004,964	49,494,829

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

	2023/24 TZS	2022/23 TZS
NOTE 26.10: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Scientific Equipment Monetary (Note 6)	(84,528,709)	(39,685,601)
Computers and Photocopiers Monetary (Note 6)	(35,149,460)	(108,513,643)
Motor vehicles, Monetary	-	(168,676,800)
Office Furniture Monetary	-	(4,908,800)
Precision Tools, Weights and Measures (Measurements) Monetary (Note 6)	(12,204,160)	-
Total Payment	(131,882,329)	(321,784,844)

NOTE 26.11: PAYMENT FOR WORK IN PROGRESS

Buildings other than dwellings - Administration Building	(224,744,710)	(216,134,115)
Total Payment	(224,744,710)	(216,134,115)

NOTE 27: RECONCILIATION OF THE SURPLUS FROM OPERATING ACTIVITIES

Deficits for the year	(39,241,190)	(1,947,840,481)
Add/(Less): Non-Cash Item		
Amortization of Intangible Assets	2,135,742	711,914
WIP Transfer (Donation)	198,752,840	-
Loss on disposal of assets	28,697,760	-
Depreciation of Investment Property - Carried at Cost	54,463,386	48,259,406
Depreciation of Property, Plant and Equipment	458,345,270	721,704,163
Non-cash PPE additions (Note 6)	-	(309,970,499)
Increase/(Decrease) in ECL for cash and cash equivalents	(13,141,248)	13,460,037
Non-Monetary -WIP (Buildings)	(173,816,433)	(813,103,515)
Non-Monetary Revenue - Equipment	(14,515,700)	-
Other adjustments	(92,754,439)	70,276,774
Add/ (Less): Change in Working Capital		
Trade and Other Receivables	89,128,552	957,391,482
Inventories	19,400,408	21,506,051
Advances to Government Entities	-	372,769,522
Trade and Other Payables	(64,522,668)	819,949,538
Deferred Income	(592,964,208)	740,878,219
Other payments (Deposit)	(6,033,789)	6,533,789
Net Cash Flow from Operating Activities	(146,065,717)	702,526,400

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

NOTE: 28: EXPLANATIONS ON DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Description	Original Budget	Reallocation/ Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Difference Final Actual (B-A)	Reasons for Variation
RECEIPTS:	TZS	TZS	TZS	TZS	TZS	
Revenue Grants	5,211,839,811	0	5,211,839,811	3,469,897,226	1,741,942,585	Approved Development Budget Fund during the year for the Construction of Administration building was partly not disbursed and new employees were not recruited.
Revenue from Exchange Transactions	5,955,850,988	0	5,955,850,988	1,383,017,901	4,572,833,087	Most of the planned Research and Consultancy services were not secured due to expiration accreditation of food and microbiology laboratory, also we experience the effect of Russia and Ukraine War whereas, funders (Donors) such that Bio-innovate Africa restrain from releasing of fund to the project.
Total Receipts	11,167,690,799	0	11,167,690,799	4,852,915,127	6,314,775,672	
PAYMENTS:						
Wages, Salaries and Employee Benefits	4,991,707,050	0	4,991,707,050	3,182,257,566	1,809,449,484	New recruitment, Promotion and Increment applied was not fully realized.
Use of Goods and Service	3,834,589,943	0	3,834,589,943	1,409,026,866	2,425,563,077	Procurements of goods and services were not exhaustively met as per plan due to low internal generated fund from research and consultancy services as approved for implementation.
Other Transfers	10,000,000	0	10,000,000	5,000,000	5,000,000	Contribution to the Government Consolidated fund was not fully paid due to low internal generated fund from research and consultancy services.
Other Expenses	499,402,000	0	499,402,000	152,841,226	346,560,774	Audit fees, Bank charges, and other operational Expenses budget are not yet reflected. (Accrual express)
Maintenance Expenses	196,820,000	0	196,820,000	70,004,964	126,815,036	The planned Maintenance of laboratory equipment and buildings was not done due low internal generated fund.

Controller and Auditor General

AR/PA/TIRDO/2023/24

TANZANIA INDUSTRIAL RESEARCH AND DEVELOPMENT ORGANISATION (TIRDO)

Decrease in Deposit	0		0	6,033,789	(6,033,789)	Approved development Subvention were not disbursed during the financial period.
Payment for Work in Progress	900,000,000	0	900,000,000	224,744,710	675,255,290	Funds from the Government Subvention were not disbursed during the financial period.
Acquisition of Property, Plant and Equipment	735,171,806	0	735,171,806	305,698,761	429,473,045	Funds from the Government Subvention were not disbursed during the financial period.
Total Payment	11,167,690,799	0	11,167,690,799	5,355,607,882	5,859,291,137	
Net Receipts/Payments	0	0	0	(502,692,755)	502,692,755	

NOTE 29: CURRENCY

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

NOTE 30: EVENTS AFTER THE REPORTING DATE

As at the date of signing the audit report, there were no events that occurred subsequent to the reporting date, 30 June 2024, that warrant disclosure or adjustments to the amounts included in the financial statements as at that date, as required by IPSAS 14.

NOTE 31: COMPARATIVES

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