



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



TANZANIA FERTILIZER REGULATORY AUTHORITY

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

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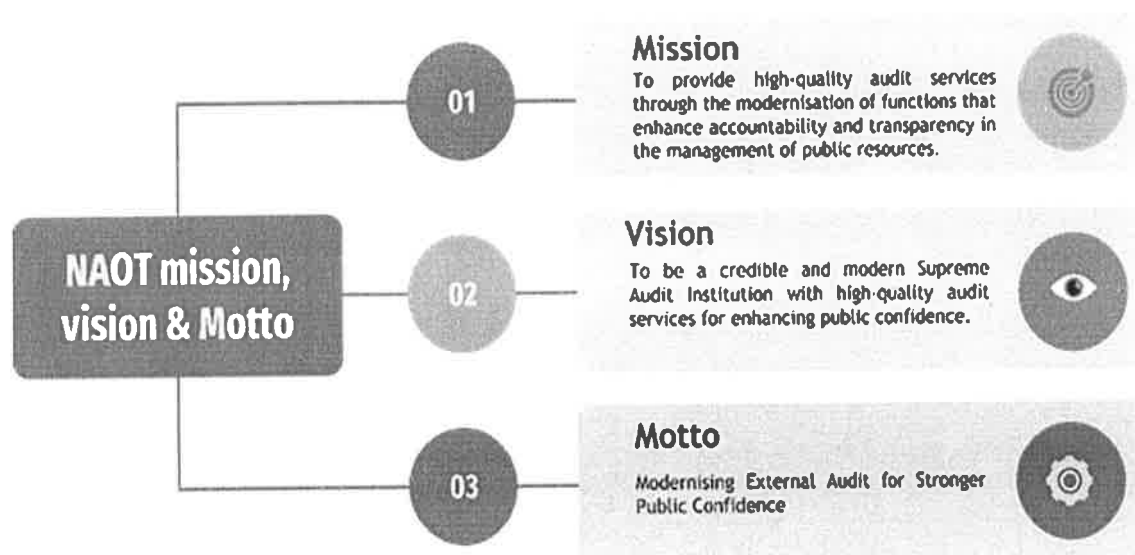
March 2024

AR/CG/TFRA/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

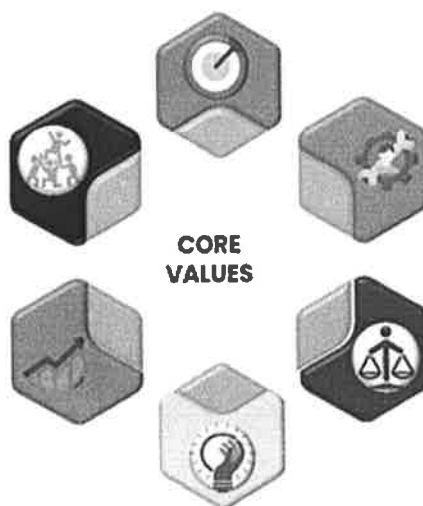
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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Abbreviations

Board	Board of Directors of TFRA
CAG	Controller and Audit General
GPSA	Government Procurement Services Agency
IITA	International Institute of Tropical Agriculture
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards on Supreme Audit Institutions
NAO	National Audit Office
NBAA	National Board of Accountant and Auditors
SUA	Sokoine University of Agriculture
TBS	Tanzania Bureau of Standards
TFRA	Tanzania Fertilizer Regulatory Authority
TFRS	Tanzania Financial Reporting Standard
TORITA	Tobacco Research Institute of Tanzania
TPRI	Tropical Pesticides Research Institute
TRIT	Tea Research Institute of Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
Tanzania Fertilizer Regulatory Authority,
P.O. Box 732,
DAR ES SALAAM.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Fertilizer Regulatory Authority (TFRA), which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of TFRA as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

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 TFRA 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.

Emphasis of Matter

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

In the Statement of Financial Position of TFRA as at 30 June 2023, I note that the Authority has reported negative net assets of TZS 256,043,024,198 as disclosed in the financial statements. This situation arises due to an increase in loss as a result of under release of subsidy funds. Management of TFRA is expecting to settle the deficit from unreleased subsidies from the Ministry of Agriculture in the next financial year 2023/24.

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, statement of directors' responsibility, Declaration by the Head of Finance and but does not include the financial statements and my audit report thereon which I obtained prior to the date of this audit 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 scepticism 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 by Tanzania Fertilizer Regulatory Authority for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matter described below, procurement of works, goods and services by Tanzania Fertilizer Regulatory Authority is generally in compliance with the requirements of the Public Procurement laws.

Ineffective Implementation of the Authority Procurement Plans by TZS 2.667 billion
Regulation 69 (7) of the Public Procurement Regulations of 2013 requires a procuring entity to draw up procurement plans of the requirements for which sufficient funds have been budgeted for.

In line with Section 49(1&2) of PPA, Cap 410, it is essential for the annual procurement plan to receive approval from the appropriate budget approving authority. Moreover, procuring entities must strictly adhere to the approved annual procurement plans.

Upon reviewing the Authority's annual procurement plan for the fiscal year 2022/23 it was found that the initial intention was to procure goods, works and services valued at TZS 6,730,188,213.01. However, by the end of the fiscal year, actual procurement amounted to only TZS 4,063,061,112.70. This resulted into unimplemented procurement plan valued at TZS 2,667,127,100.31 equivalent to 40% of the total planned procurement.

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 by TFRA for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, except for the matter described below, Budget formulation and execution by Tanzania Fertilizer Regulatory Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Under release of funds

Section 44 of the Budget Act, 2015 requires that, after budget approval, Ministries, Department and Agencies (MDAs), Regional Secretariats and Local Government Authorities (LGAs) are required to prepare action plan and cash flow plans in line with the approved budget that will be the basis for release of funds by Accountant General to the Accounting Officers. My review of TFRA budget implementation noted that it was approved to receive grants of TZS 150,000,000,000 from Ministry of Agriculture to support the fertilizer subsidies program, but actual receipts were only TZS 100,000,000,000 resulting into under release of TZS 50,000,000,000 which affected the full settlement of fertilizers' suppliers debts.



Charles E. Kicheri
Controller and Auditor General,
Dodoma, United Republic of Tanzania,

March 2024



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2.0 REPORT OF THOSE CHARGED WITH GOVERNANCE

2.1 Introduction

The Directors are pleased to present their report together with the audited financial statements of Tanzania Fertilizer Regulatory Authority (TFRA) for the financial year that ended on 30 June 2023, which disclose the state of affairs of the Authority. This report has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting and the Tanzania Financial Reporting Standards (TFRS) No. 1.

2.2 Establishment

TFRA was established by the Fertilizer Act, No. 9 of 2009 and started its functions in August 2012 with the purpose of making provisions for regulating the manufacturing, importation, exportation, distribution, sale and utilization of agricultural fertilizers to repeal the Fertilizer and Animal Food Stuffs Act of 1962, Cap. 378 and provide for other related matters. Since its inception, the Authority's deliberate efforts have been to create conducive working environment to support the institutional mandates provided in the Act.

2.3 Capital Structure

The Authority is a wholly owned Government Institution under the Ministry of Agriculture. The authority places strong measures on managing liquidity position and daily cash flow management through Finance and Accounts Section to ensure that the institution holds sufficient funds to enable it to continue with its operations.

2.4 Vision

Quality Fertilizer to all Farmers for Agriculture Sustainability.

2.5 Mission

To regulate the fertilizer industry by ensuring the availability, accessibility, and affordability of quality fertilizer and fertilizer supplements to all farmers for Sustainable Agriculture Productivity.

2.6 Principal Functions

- a) To regulate all matters relating to quality of fertilizers and sterilizing plants;
- b) To conduct registration of all fertilizer and fertilizer supplements dealers and their premises;
- c) To license fertilizer dealers;
- d) To provide permits for importation and exportation of fertilizer and fertilizers supplements;
- e) To inspect fertilizer and fertilizer supplements for quality assurance;
- f) To conduct regular training of stakeholders on fertilizer matters;

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- g) To provide technical advice to the government and other institutions on all matters relating to fertilizer and fertilizer supplements management and control.

2.7 Composition of the Board of Directors

According to section 6(1) of Fertilizer Act No 9 of 2009; TFRA operations are overseen by the Board of Directors; The Board of Directors is comprised of 10 members including the Executive Director who also serves as secretary of the board. All of them are Tanzanians.

The Chairman of the Board is appointed by the President of the United Republic of Tanzania, for a term of three years; the Board members are appointed by the Minister responsible for Agriculture as provided in the Fertilizer Act of 2009. The Executive Director of the Authority is appointed by the President on the advice of the Minister of Agriculture from among persons who possess relevant qualifications and competence to manage efficiently and effectively the affairs of the Authority.

The Board members who served during the reporting period financial year 2022/23 are indicated below:

Table 1: TFRA Board Members who served between 9 September 2019 to 8 September 2022

S/N	Name	Position	Age	Qualifications	Date of Appointment	Date of End of Tenure
1	Prof. Anthony M. Mshandete	Chairman	59	PhD in Applied Microbiology	9 Sept, 2019	8 Sept, 2022
2	Ms. Tabu A. Likoko	Member	59	Masters in Sociology	9 Sept, 2019	8 Sept, 2022
3	Mr. Sospeter W. Mtemi	Member	56	MSc Soil and Physical Resources Management	9 Sept, 2019	8 Sept, 2022
4	Mr. Charles M. Chenza	Member	59	Masters in Economics	9 Sept, 2019	8 Sept, 2022
5	Mr. Lawrence B. Chenge	Member	37	Masters in Food Quality and Safety Assurance	9 Sept, 2019	8 Sept, 2022
6	Dr. Menan H. Jangu	Member	53	PhD in Natural Resources Management	9 Sept, 2019	8 Sept, 2022
7	Ms. Veronica J. Sophu	Member	53	Primary Education	9 Sept, 2019	8 Sept, 2022
8	Mr. Machibya A. Matulanya	Member	40	Masters in Nuclear and Quantum Engineering	9 Sept, 2019	8 Sept, 2022
9	Dr. Abdul K. Biyusa	Member	45	PhD in Agriculture	9 Sept, 2019	8 Sept, 2022
10	Dr. Catherine J. Senkoro	Member	60	PhD in Soil Science	9 Sept, 2019	8 Sept, 2022
11	Dr. Stephan E. Ngailo	Secretary	52	PhD in Plant Breeding	9 Sept, 2019	8 Sept, 2022

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Table 2: TFRA Board Members currently serving in the Board

S/N	Name	Position	Age	Qualifications	Date of Appointment	Date of End of Tenure
1	Dr. Anthony M. Diallo	Chairman	68	PhD in Business Administration	09 Feb, 2023	08 Feb, 2026
2	Dr. Catherine J. Senkoro	Member	60	PhD in Soil Science	14 Mar, 2023	13 March, 2026
3	Dr. Shimo P. Shimo	Member	48	PhD in Agro Product Quality and Food Safety	14 Mar, 2023	13 March, 2026
4	Eng. Juma O. Mdeke	Member	45	MSc in Water Science and Engineering	14 Mar, 2023	13 March, 2026
5	Ms. Lilian G. Peter	Member	38	MSc in Public Health and Food Safety	14 Mar, 2023	13 March, 2026
6	Mr. Patrick A. Mwalunenge	Member	48	Certificate of Secondary Education	14 Mar, 2023	13 March, 2026
7	Ms. Hadija J. Pheri	Member	32	BBA in Accounting	14 Mar, 2023	13 March, 2026
8	Dr. Thobias M. Richard	Member	35	PhD in Natural Resource Management and Assessment	14 Mar, 2023	13 March, 2026
9	CPA. John M. Cheyo	Member	59	Master's Degree on Science in Finance Management	14 Mar, 2023	13 March, 2026
10	Dr. Stephan E. Ngailo	Secretary	52	PhD in Plant Breeding	January, 2019	To date

Note: TFRA had two board of directors who served in the reporting financial year with different start and end dates as shown in the table above; whereas initially the Board was comprised of 11 members and the current Board is comprised of 9 members due to changes in representation. Dr. Stephan Ngailo who is the Executive Director remained as Board Secretary pursuant to Fertilizer Act 2009;

2.8 Responsibilities of the Board of Directors

The overall responsibilities of the Board of Directors, among other things, include general oversight of the Authority's operations, identifying key risk areas, appoint key staff and reviewing the performance of management business plans and budgets and approving of the Authority's Strategic Plan. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures are operative and in compliance with sound corporate governance principles.

The Board is required to meet once per quarter for ordinary meetings and may call for extra-ordinary meetings when there is sufficient business to transact. The Board delegates the day to day management of the Authority to the Executive Director assisted by Management members.

The Authority is committed to the principles of effective corporate governance namely integrity, transparency, and accountability. During the year that ended 30 June 2023, one Ordinary Meeting and two Extra Ordinary Board Meetings were held.

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Key issues discussed and deliberated by the Board of Directors during the year were;

- (i) Reviewed and set forth policies for guiding the Management in the conduct of its day to day activities;
- (ii) Reviewed and approved statutory performance reports and financial statements;
- (iii) Entered into performance contract with Director General and Treasury Registrar and monitored its implementation to ensure that the agreed performance targets were effectively and efficiently achieved;
- (iv) Decided on the necessary steps to protect the Authority's financial position and the ability to meet its debts and other obligations fall due during the period;
- (v) Approved, monitored and oversee the implementation of TFRA's strategic plan, annual budget, internal audit plan and annual procurement plan; and
- (vi) Approved, monitored and oversee implementation of key TFRA project such as Fertilizer Laboratory and Fertilizer Subsidy system.

2.9 Committees of the Board of Directors

Section 6 (2) of the Act requires the Board to establish a Technical Committee consisting of such number of competent persons in fertilizer matters as it may deem necessary. Also, in ensuring that the board execute its oversight mandate, paragraph 5 of the schedule of the fertilizer Act, Cap 378 empowers the board to regulate its own procedure in respect to meetings and proper conduct of its business.

TFRA Board of Directors had established Board committees during the reporting period as follows; two board committees which served during the previous board that ended on September 2022 namely Technical Committee and Audit and Risk Management Committee. In order to enhance its oversight and fiduciary duty; the current board has three committees namely Technical, compliance and enforcement Committee, Audit and Risk Management Committee and Finance, Administration and Planning Committee.

The committee member who served during the year were as follows:

Table 3: Members of the Technical Committee who served 9 Sept 2019 to 8 Sept 2022

S/N	Name	Title	Age	Qualification	Nationality
1	Mr. Machibya A. Matulanya	Chairman	40	Masters in Nuclear and Quantum Engineering	Tanzanian
2	Ms. Veronica J. Sophu	Member	53	Primary Education	Tanzanian
3	Mr. Sospeter W. Mtemi	Member	56	MSc. Soil and Physical resources Management.	Tanzanian
4	Mr. Lawrence B. Chenge	Member	37	Masters in Food Quality and Safety Assurance	Tanzanian

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Table 4: Members of the Technical, compliance and enforcement Committee who served during the Audit period

S/N	Name	Title	Age	Qualification	Nationality
1	Dr. Catherine J. Senkoro	Chairman	60	PhD in Soil Science	Tanzanian
2	Ms. Lilian G. Peter	Member	38	MSc in Public Health and Food Safety	Tanzanian
3	Dr. Shimo P. Shimo	Member	48	PhD in Agro Product Quality and Food Safety	Tanzanian

Table 5: Members of the Audit and Risk Management committee who served during 9 September, 2019 to 8 September, 2022

S/N	Name	Title	Age	Qualification	Nationality
1	Mr. Charles M. Chenza	Chairman	59	Masters in Economics	Tanzanian
2	Dr. Catherine J. Senkoro	Member	59	PhD in soil Science	Tanzanian
3	Ms. Tabu A. Likoko	Member	59	Masters in Sociology	Tanzanian
4	Dr. Abdul K. Biyusa	Member	49	PhD in Agriculture	Tanzanian
5	Dr. Menan H. Jangu	Member	53	PhD in Natural Resources Management	Tanzanian

Table 6: Members of the Audit and Risk Management committee who served during the period

S/N	Name	Title	Age	Qualification	Nationality
1	CPA. John M. Cheyo	Chairman	59	Masters of Science in Finance Management	Tanzanian
2	Eng. Juma O. Mdeke	Member	45	MSc in Water Science and Engineering	Tanzanian
3	Dr. Thobias M. Richard	Member	35	PhD in Natural Resource Management & Assessment	Tanzanian

Table 7: Members of the Finance, Planning and Administration Committee who served during the period

S/N	Name	Title	Age	Qualification	Nationality
1	Eng. Juma O. Mdeke	Chairman	45	MSc in Water Science and Engineering	Tanzanian
2	Ms. Hadija J. Pheri	Member	32	BBA in Accounting	Tanzanian
3	Mr. Patrick A. Mwalunenge	Member	48	Certificate of Secondary Education	Tanzanian

2.10 Corporate Governance

The Board takes overall responsibility for the Authority, including responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing the performance of management plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

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The Board is required to meet at least four times in a year. The overall management of the Authority is vested to the Board of Directors, while the day-to-day affairs of the Authority are looked after by the Executive Director.

Where necessary, the management team is invited to attend board meetings and facilitate effective control of all Authority's operational activities, acting as a medium of communication and coordination between all the various business units.

2.11 Management Team

During the period under review, management of the Authority was under the Executive Director assisted by directors and managers as follows;

- i. Director of Regulatory Services;
- ii. Director of Domestic Manufacturing and Bulk Procurement System;
- iii. Director of Corporate Services;
- iv. Manager Procurement;
- v. Manager Legal services;
- vi. Manager Internal Audit;
- vii. Manager Information Technology and Statistics
- viii. Manager Public Relations Communication and Education and,
- ix. Zonal Managers (Southern Highlands, Central, Lake and North Zone)

2.12 Relationship with Stakeholders

In operationalizing its managed functions of regulating the manufacturing, importation, exportation, marketing, and use of fertilizer and fertilizer supplements in the country, TFRA is interacting with a consortium of stakeholders. The existing stakeholders have different perceptions, expectations, priorities, and interests. Therefore, this was explicitly understood and recognized in the process of problem identification, objective setting, target formulation, and strategy selection.

2.13 Operational Performance for the year ended 30 June 2023

Key activities performed during the reporting period are as tabulated below:

(i) Completion of Fertilizer Laboratory

The Authority has been implementing its regulatory mandate by using other available fertilizer laboratory in the country; whereas there were notable delays in sample analysis which impeded TFRA performance and its regulatory function.

In order to curb this challenge, the Authority budgeted for construction of fertilizer laboratory which was designed in phases of which phase one comprised of ground and first floor housing mainly laboratory activities and phase two comprised of external works and two floors mainly of administration offices; phase one was completed during the reporting period.

The Laboratory is divided into two section which are chemistry and biology; the lab is primarily intended for fertilizer analysis with an aim of strengthening fertilizer regulatory mandate in the country; furthermore; it is expected that the lab will give

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key service to various TFRA stakeholders who needs to undertake fertilizer analysis services and soil conformity by charging affordable prices for testing by nutrients in accordance with client's request.

The laboratory is currently undertaking methods verifications which is one of the requirements in getting ISO 17025 2017 certification. The overall aim is to ensure farmers have access to quality fertilizer.

(ii) Implementation of Fertilizer Subsidy Program

During the financial year 2022/23, The Government set aside TZS 150 Billion to fund fertilizer subsidy during the cropping season with a definitive aim of reducing uprising fertilizer prices due War between Ukraine and Russia as well as lasting effects of COVID - 19 which affected fertilizer usage, productivity and efficiency. The Government made a decision to issue subsidy so as to lower production costs and ensure fertilizer reach farmers at affordable prices.

The subsidy program was inaugurated by her excellency Dr. Samia Suluhu Hassan, President of United Republic of Tanzania on 08 August 2022 at Mbeya city on the peak of farmers exhibition famously known as *Nanenane* and its implementation started immediately thereafter on 15 August 2022. Fertilizer subsidy program is envisaged to run for a period of three to four years.

In order to remove fraudulent activities during this program, The Government directed that one type of fertilizer to be sold in unified price countrywide. Imported fertilizers were sold at a price between TZS 50,000 to TZS 70,000 and domestically manufactured fertilizers were sold to farmers between TZS 60,000 to TZS 70,000 for a 50 kilogram bag after Government subsidy.

Up to 30 June 2023 a total of 383,219.425 tonnes of subsidized fertilizer were sold to farmers countrywide with a subsidy worth TZS 368,966,715,005. Alternatively, up to 30 June 2023 the Authority received TZS 100 Billion for payment to companies that sold subsidized fertilizer to farmers and this was paid to 18 companies.

Table 8: Analysis of sales and payment of subsidized fertilizer to participating companies

S/N	Company name	Fertilizer sales (Tonnage)	Subsidies value (TZS)	Total amount paid (TZS)	Amount due as at 30 June 2023
1	OCP TZ LTD	96,486.63	103,805,228,500.19	22,451,224,489.80	81,354,004,010.39
2	ETG Inputs LTD	90,747.45	78,778,670,993.00	23,983,877,551.00	54,794,793,442.00
3	Yara TZ LTD	65,353.73	61,458,475,773.98	14,061,224,489.80	47,397,251,284.18
4	Mohamed Enterprises	51,861.05	42,361,808,953.63	12,461,224,489.80	29,900,584,463.83
5	One Acre TZ LTD	19,091.55	21,486,171,952.99	10,761,224,489.80	10,724,947,463.19
6	Premium Agro Chem LTD	23,727.00	18,012,585,148.00	7,486,224,489.80	10,526,360,658.20
7	Staco Agrochem LTD	7,871.83	4,308,206,473.60	1,020,000,000.00	3,288,206,473.60
8	Minjingu Mines and Fertilizer LTD	15,992.25	19,483,328,910.90	1,000,000,000.00	18,483,328,910.90
9	Afrisan Ginning LTD	6,436.40	5,820,195,078.00	3,025,000,000.00	2,795,195,078.00

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S/N	Company name	Fertilizer sales (Tonnage)	Subsidies value (TZS)	Total amount paid (TZS)	Amount due as at 30 June 2023
10	Tanzania Fertilizer CCC Company (TFC)	4,198.80	2,507,858,280.13	1,878,949,792.00	628,908,488.13
11	DRTC Trading Company LTD	2,675.20	2,513,776,007.25	540,000,000.00	1,973,776,007.25
12	Itracom Fertilizer Limited	857.775	598,851,529.00	303,100,000.00	295,751,529.00
13	Afri(EA) Limited	593	180,584,000.00	384,000,000.00	-203,416,000.00
14	Elements Limited	256.45	364,306,536.00	224,500,000.00	139,806,536.00
15	CHAURU LTD	334.05	210,100,138.00	59,050,000.00	151,050,138.00
16	Paramount Commodity LTD	199.5	233,614,500.00	190,900,000.00	42,714,500.00
17	Menatrade Africa Limited	1,385.65	83,051,557.00	50,800,000.00	32,251,557.00
18	Wembey International (TZ) Limited	289.25	131,895,848.00	118,700,208.00	13,195,640.00
TOTAL		388,357.55	362,338,710,179.67	100,000,000,000.00	262,338,710,179.67

i. Registration of Fertilizer stakeholders (Importers/Exporters/Dealers)

Up to 30 June 2023. The Authority had registered 29 fertilizer importers and three (3) manufacturers who were involved in production and distribution of subsidized fertilizer during the cropping season of 2022/23.

Also, up to June 2023 the authority had registered 4,346 amongst them, 1,712 participated in the fertilizer distribution in all 26 Regions.

Table 9: The list of Importers and producers in the Subsidy Program

No.	Name of Company	Types of Service	No	Name of Company	Types of Service
Ng 1	Yara Tanzania Limited	importer	18	The Cereals and Other Produce Board	importer
2	STACO Agrochem Ltd	importer	19	Elements Limited	importer
3	One Acre Tanzania Limited	importer	20	Afri (EA) Limited	importer
4	Afrisian Ginning Ltd	importer	21	Chama Cha Ushirika Wa Wakulima Wa Umwagiliaji Ruvu (CHAURU) Ltd.	importer
5	Mohammed Enterprises Tanzania Limited	importer	22	Jadeja Farming Limited	importer
6	ETG Inputs Limited	importer	23	Jackaengo 2015 Limited	importer
7	DRTC Trading Company Ltd	importer	24	Mo and Hughes Solutions Ltd	importer
8	Melinovit Tanzania Limited	importer	25	Tanzania Crop Care Limited	importer
9	Paramount Commodities Limited	importer	26	MASMOS Company Limited	importer
10	Tanzania Fertilizer Company	importer	27	Solohaga Company Limited	importer

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No.	Name of Company	Types of Service	No	Name of Company	Types of Service
11	Premium Agro Chem Ltd	importer	28	Simiyu Duka La Pembejeo Za Kilimo Na Mifugo	importer
12	Bajuta International (T) Ltd	importer	29	Menatrade Africa Limited	importer
13	Sky Mwamoto Limited	importer	30	Guavay Company Ltd	manufacturer
14	OCP Tanzania Limited	importer	31	ITRACOM Fertilizers Limited	manufacturer
15	Primordial Trade FZCO	importer	32	Minjingu Mines & Fertilizer Limited	manufacturer
16	Wembley International (Tanzania) Limited	importer			
17	GSM Company Limited	importer			

Table 10: Number of registered agents who distributed subsidized fertilizer

No.	Region	Number of Agents	No.	Region	Number of Agents
1	MBEYA	437	14	DAR ES SALAAM	52
2	NJOMBE	424	15	TANGA	60
3	SONGWE	315	16	DODOMA	64
4	IRINGA	292	17	GEITA	47
5	RUVUMA	366	18	KAGERA	61
6	MOROGORO	275	19	KATAVI	63
7	KIGOMA	138	20	MARA	47
8	ARUSHA	199	21	MTWARA	417
9	RUKWA	175	22	SINGIDA	67
10	KILIMANJARO	234	23	PWANI	102
11	MANYARA	120	24	LINDI	211
12	SHINYANGA	69	25	SIMIU	32
13	TABORA	102	26	MWANZA	40
	TOTAL				4,346

ii. Registration of Farmers in the digital system and a manual Register

Up to June 30, 2023 the Authority had managed to register a total of 3,369,951 farmers in the subsidy digital system. Either, 838,712 farmers out of 3,369,951 which is equivalent to a 24.9 percent of registered farmers benefitted from subsidized fertilizer.

Table 11: The number of farmers registered in the System by Region

NO	REGION	NUMBER OF REGISTERED FARMERS	NUMBER OF BENEFICIARIES
1	ARUSHA	84,160	19,646
2	DAR ES SALAAM	5,431	606
3	DODOMA	112,324	3,600

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NO	REGION	NUMBER OF REGISTERED FARMERS	NUMBER OF BENEFICIARIES
4	GEITA	61,563	5,187
5	IRINGA	165,886	99,292
6	KAGERA	74,342	1,811
7	KATAVI	62,554	10,584
8	KIGOMA	134,775	60,432
9	KILIMANJARO	167,610	62,444
10	LINDI	187,456	1,668
11	MANYARA	76,742	14,068
12	MARA	40,267	4,765
13	MBEYA	277,371	105,801
14	MOROGORO	126,539	18,368
15	MTWARA	337,227	5,321
16	MWANZA	49,278	4,583
17	NJOMBE	188,218	134,214
18	PWANI	67,865	3,397
19	RUKWA	82,194	31,830
20	RUVUMA	330,947	97,441
21	SHINYANGA	56,931	10,647
22	SIMUYU	220,094	665
23	SINGIDA	58,003	8,857
24	SONGWE	149,918	97,630
25	TABORA	148,744	28,954
26	TANGA	123,835	7,041
Total		3,389,951	838,712

iii. Increase of Fertilizer availability in the Country

Despite challenges facing the fertilizer sector recorded in the previous years; there have been notable increase in fertilizer utilization whereas it has translated into an increase in fertilizer availability in the country in the year 2021/22 there were 766,024 tonnage and during the reporting year 2022/23 fertilizer availability was 1,115,841 tonnes which is equal to an increase of 45.67%. An increase in fertilizer availability was made possible by the Government's intervention to ensure there is conducive business environment in the country as well as the Authority's key regulatory mandate.

iv. Increase of Fertilizer Usage in the Country

Usage of fertilizer in the country has increased tremendously whereby in the financial year 2021/22 fertilizer utilization stood at 363,599 tonnes used and during the financial year 2022/23 fertilizer utilization was 580,529 tonnes. Increase in fertilizer usage is a result of Government intervention to set good policies for boosting positive business environment. The Government intervention to implement fertilizer subsidy program ensured availability and affordability of the product; the Authority is also implementing

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its principal activity of continuous education to stakeholders on proper usage of fertilizer.

Table 12: Fertilizer Utilization by region

Fertilizer Utilization by Region (MT) 2020/21 - 2022/23						
SN.	Region	2020/21	2021/22	2022/23	Grand Total	%
1	Mbeya	71,131	52,490	75,252	198,872	14.00%
2	Njombe	71,987	42,965	75,358	190,310	13.40%
3	Ruvuma	53,381	32,139	83,472	168,991	11.90%
4	Songwe	44,470	44,837	71,230	160,537	11.30%
5	Tabora	49,026	36,656	55,722	141,403	10.00%
6	Kigoma	50,890	27,068	28,898	106,855	7.50%
7	Iringa	38,844	17,841	44,214	100,899	7.10%
8	Rukwa	12,826	13,446	31,963	58,234	4.10%
9	Arusha	13,160	15,704	26,509	55,373	3.90%
10	Kilimanjaro	10,920	10,586	27,976	49,482	3.50%
11	Shinyanga	17,151	15,208	9,445	41,804	2.90%
12	Morogoro	4,210	9,179	14,569	27,958	2.00%
13	Katavi	8,712	13,416	4,430	26,558	1.90%
14	Kagera	2,322	10,560	868	13,750	1.00%
15	Manyara	2,084	1,584	7,057	10,725	0.80%
16	Tanga	3,952	3,832	2,444	10,228	0.70%
17	Mwanza	3,350	3,445	2,670	9,466	0.70%
18	Mara	2,388	1,219	4,492	8,099	0.60%
19	Dar es	2,746	426	4,327	7,499	0.50%
20	Simiyu	3,969	2,947	469	7,385	0.50%
21	Mtwara	2,158	2,351	2,226	6,736	0.50%
22	Pwani	1,346	1,737	2,432	5,515	0.40%
23	Singida	1,971	1,370	2,103	5,443	0.40%
24	Geita	1,691	1,593	1,181	4,464	0.30%
25	Dodoma	840	677	775	2,292	0.20%
26	Lindi	344	326	447	1,116	0.10%
Grand Total		475,870	363,599	580,529	1,419,998	100%

v. Increase of Fertilizer Manufacturing Industries in the country

Investment in the fertilizer industry has increased in the country whereby during the reporting period there were twenty (20) fertilizer industries of the reported industries. Fertilizer production is projected to increase from 28,318 tonnage to 164,792 which is equivalent to 25% of the entire country's fertilizer demand for 2022/23.

Table 13: List of Fertilizer Factories, Capacities and Location

No.	FACTORY	REGION	CAPACITY		TYPE OF FERTILIZER
			INSTALLED	ACTUAL	
	SEMI ORGANIC FERTILIZER		MT/Year	MT/Year	
1	Minjingu Mines And Fertilizer Ltd	Manyara	100,000	43,027	Organic fertilizer

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2	ITRACOM Fertilizer Company LTD	Dodoma	200,000	97,189	Organo Minerals
			INSTALLED	ACTUAL	
	INORGANIC FERTILIZER		MT	MT	
3	YARA Tanzania	Dar es salaam	50,000	14,057	Blending fertilizer
4	ETG Inputs .LTD	Dar es salaam	2 0,000	1,340	Blending fertilizer
			INSTALLED	ACTUAL	
	ORGANIC FERTILIZER		MT	MT	
5	Guavay Co. LTD	Dar es salaam.	5,000	2,500	Organic fertilizer
6	Mabwepande Compost	Dar es Salaam	5,400	180	Compost
7	Moshi Compost	Kilimanjaro	3,000	60	Compost
8	Farm times	Pwani	100	1	Organic Fertilizer
			INSTALLED	ACTUAL	
	FOLIAR FERTILIZER		LT	LT	
9	Agri-Farmers Ltd	Arusha	600,000	200,000	Liquid fertilizer
10	Farm Access Company Limited	Arusha	300,000	200,000	Liquid fertilizer
11	Keen Feeders	Arusha	700,000	600,000	Liquid fertilizer
12	Mtali Agro- Traders	Arusha	300,000	275,000	Liquid fertilizer
13	Sianga Agro-Traders	Tanga	600,000	429,000	Liquid fertilizer
14	Amka Feeders	Kilimanjaro	100,000	17,000	Liquid fertilizer
15	Isacha Feeders	Kilimanjaro	150,000	110,000	Liquid fertilizer
	Agriculture Lime				
16	Dodoma Cement &Company Limited	Dodoma	5,138	55%	Agri-Lime
17	ABM Equipments	Tanga	9,566	75%	Agri-Lime
18	HSSL Co. Ltd	Tanga	2,020	2%	Agri-Lime
19	Tanga Mining Company LTD	Tanga	10,000	40%	Agri-Lime
20	Neelkanth Lime LTD	Tanga	25,000	25%	Agri-Lime

VI. Increase of Fertilizer Inspectors

Gazetted fertilizer inspectors in the country have increased from 140 in the year 2021/22 to 210 in the year 2022/23 this is an increase of 50 percent which exemplifies TFRA's regulatory mandate. Increase in the fertilizer inspectors is attributed to good working relationship and collaboration between local Government and the Authority; the increase in fertilizer inspection has reduced fraudulent activities and has positively influenced compliance in our regulated stakeholders.

vii. Undertaking monitoring of environmental issues

In collaboration with National Environmental Management Council (NEMC) and other Government agencies; the Authority undertook a routine monitoring of implementation of recommendations regarding environmental issues for twelve (12) fertilizer and fertilizer supplements industries which were YARA, ETG, Guavay, Farm Times, ABM Equipment Company LTD, Sianga Agrotraders, Mtali Agro-traders, Keen Feeders, Amka Feeders, Isacha Feeders, Minjingu Mines & Fertilizer Company Ltd, Dodoma Cement and HSSL. Also, environmental issues for the newly constructed fertilizer laboratory were undertaken and recommended to be implemented during phase two implementation of construction which includes external work.

viii. Mobilization of cooperative Union to take part in the BPS tender

More than 14 Core cooperative Union from TANCOOPS who have more than 100 primary union and one core cooperative Union CHAURU which have more than fifty primary union were sensitized to participate in the BPS.

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ix. Undertaking of Fertilizer demand for BPS tender

In implementing its key activity of ensuring availability of affordability fertilizers in the country; Fertilizer demand for BPS tender was conducted whereby a total of 56,030 tonnes were collected; demand for DAP was 22,860 tonnes and UREA was 33,170 tonnes. The total demand for cropping season 2022/23 was 677,730 tonnes which was collected from Regional and District Secretariat.

x. Preparation, Advertising and management of indicative prices

The indicative prices for fertilizer under subsidy system was given and distributed to councils countrywide and through letters and several media outlets in August, 2022, December, 2022 and March, 2023. Supervision exercise was done in conjunction with fertilizer inspectors in the district and regional levels.

xi. Preparation of TV and Radio Programs to educate the public

Special publications (20) on TV and (10) on Radio were prepared and aired in the various media outlet including community radios; a total of 25 programs on radio and 20 TV programs were prepared and aired in the different media outlets; a total of 45 news pieces were prepared and aired in the TV and broadcasted in the radio but also were published in the newspapers such as Mwananchi, Uhuru, Habari Leo, Majira, The Guardian, Daily News, The Citizen, Tanzanite and Tanganyika.

xii. Managing and Participation in the preparation of Trade Fair (Sabasaba)

The 46th Trade fair was mobilized and conducted during the reporting year; the general public were educated on the proper usage of fertilizer, registration of fertilizer and permits to import fertilizer as well as subsidy system. The Authority Managed to broadcast its activities to more than 400 visitors who came to the TFRA booth.

xiii. Preparation and Execution of the Annual Mbolea Day

Fertilizer day is celebrated in the world on 13th October each year to commemorate the great invention of harvesting nitrogen from air which is vital for plant growth; the Authority as an institution mandated with regulation of fertilizer in the country likewise prepares Mbolea day (Fertilizer Day) with an objective of fertilizer promotion and each year it prepares a new theme to engage stakeholders.

During the reported financial year, Mbolea Day took place in in Songwe Region in October 2022 with a theme dubbed as **"Ajenda 10/30; Matumizi sahihi ya mbolea ya RUZUKU kwa Kilimo chenye tija**; this colourful event was officiated by Regional Commissioner for Songwe his excellency Mr Waziri Kindamba.

In this event, fourteen Fertilizer companies, eight public institutions, five local Government Authorities, two research institutes, one academic Institution and three financial institutions participated.

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xiv. Publishing of Newsletters

The Authority prepared two editions of Mbolea Yetu (July-December 2022 and January-June 2023) whereas several news and documentaries about subsidy system, proper usage of fertilizer and authority activities was released. More than 1000 copies were distributed to stakeholders countrywide. The authority also prepared and published 12 newsletters about Authority activities.

xv. Strengthening of ICT Systems

During the reporting period the authority has strengthened its internal systems by ensuring that registration and issuance of licence is done electronically through the system (*Fertilizer Information System - FIS*). System has increased authority's efficiency and reduced inconveniences to our stakeholders.

2.14 Principal Risks and Uncertainties

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

- a) Effectiveness and efficiency of operations;
- b) Safeguarding of the Authority's assets;
- c) Compliance with applicable laws and regulations;
- d) Reliability of accounting records;
- e) Business sustainability under normal as well as adverse conditions; and
- f) Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Authority is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 30 June 2023 and is of the opinion that they met accepted criteria. The Board carries risk and internal control assessment through the Board Committee. Authority Risks as identified in the Risk Register were as follows;

- a) Possibility of staff going against public service code of conduct and participate in corruption activities;
- b) Possibility of delays in completion of the Fertilizer laboratory
- c) Challenge of capacity to supervise and implement efficiently the fertilizer subsidy system;
- d) Lack of important data which could indicate fertilizer and fertilizer supplements availability.
- e) Possibility of dwindling revenues due to dependency on import levy.
- f) Possibility of conflicting duties with other public regulatory authorities and
- g) Legal challenges in implementation of regulatory mandate

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The Authority has managed to mitigate the above-mentioned risks by implementing the following:-

- a) Ensure the risk register is active and is updated every year depending on work environment;
- b) Ensuring that ethical committee is active and has means to perform its duties effectively so as to reduce inappropriate activities;
- c) Giving priority to training for staff on risks as well as new and transferred staff before embarking on TFRA activities;
- d) Authority has a dedicated fertilizer laboratory construction committee which is charged with construction supervision and this construction strictly follows public procurement Act.
- e) Authority has appointed a multidisciplinary team to manage the subsidy program internally, it has also engaged regional leaders up to village levels in subsidy supervision; the Authority has ensured all staff have been exposed to this program and it has strengthened digital system in conjunction eGA.
- f) Authority in collaboration with technical personnel from Ministry of Agriculture has reviewed the Fertilizer Act and its regulations so as to put in place conducive environment in legal management on fertilizer regulatory activities.
- g) The Authority has placed itself strategically to widen the revenue by commencing the charging system in the fertilizer laboratory and also completion of important parameters so as to be certified internationally which will enable the laboratory to perform activities out of the country borders in soil analysis.

2.15 Going Concern Assumption



The Directors confirm that the applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Director's has reasonable assurance that the Authority will continue in operational existence for the foreseeable future.

2.16 Employees' Welfare

2.16.1 Management and Employees' Relationship

During financial year 2022/23, while six staff were transferred from other Public institutions to TFRA, five staff were transferred from the Authority to other institutions; TFRA also has received six employees from other Public institutions whose transfer formalities are finalised as per Public Service Regulations are thus bringing the number of staffs to 97.

During the year under review; 14 employees were promoted and eight employees were appointed to managerial positions; TFRA enjoys harmonious relationship with its employees and the employee union (TUGHE); the workers council meetings were conducted and there were no disciplinary cases during the financial period.

However; despite having met staff levels as per the approved establishment; there is still need to increase manpower due to increase of activities in the zonal offices

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operations whereas there is an additional subsidy activity, introduction of new zonal offices and need for technicians in the completed fertilizer laboratory.

The TFRA is an equal opportunity employer. It does not discriminate employees in respect of sex, religious, disability, age or marital status. TFRA recognizes the need for ensuring fair employment practices in recruitment and selection, and the retention, learning and career development of staff. The recruitment process is transparent, non-discriminatory and open to all Tanzanians who are eligible and qualify.

Medical Assistance

The Authority's staff medical requirement is covered through NHIF and the employer has extended NHIF medical supplementary services cover which caters for staff and their family.

2.16.3 Health and Safety

The Authority has a strong health and safety policy which was approved by the board, the policy ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors working in the fertilizer laboratory construction by providing adequate and proper personal protective equipment, training and supervision as necessary.

2.16.4 Employees Benefit Plans



The Authority covers employees benefit plans whereby an incentive scheme for TFRA employees was approved and became operational during the year under review.

2.16.5 Persons with Disabilities

TFRA does not discriminate persons with disability; management ensures that employee with disability's special needs are acknowledged and ensure that his employment with the Authority is safe and complies with his condition and he receive appropriate training and working environment is arranged adequately.

2.16.6 Gender Equity

It is the Authority's policy to give equal opportunities to persons of the feminine gender in both employment and training. As at 30th June 2023, the Authority had the following staff by gender:

Gender	2022/23	2021/22
Female	34	29
Male	<u>63</u>	<u>58</u>
Total	<u>97</u>	<u>87</u>

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2.17 Related Party Transactions and Balances

All related party transactions and balances are disclosed in Note 6.22 to these financial statements. Transactions with related parties were conducted at terms and conditions similar to those offered to other entities.

2.18 Corporate Social Responsibility

Tanzania Fertilizer Regulatory Authority values responsible corporate citizenship, amongst the initiatives and endeavours that the Authority's participation includes support of Government and Non-Governmental Organizations. During the year under review, the Authority visited Temeke referral Hospital to assist needy patients, Authority spent TZS 6,500,000 in this event (2021/22: TZS 0)

2.19 Relationship with Stakeholders

The Authority has internal and external stakeholders and has been encouraging harmonious relationship with them. Their support and involvement in TFRA activities makes a significant impact and contribution to service delivery to the public. Hence, the Authority has continued working with key Ministries and Government entities such as the Ministry of Agriculture, Ministry of Industry and Trade, Ministry of Finance, Regional Administration and Local Government Authorities, Ministry of Home Affairs, Attorney General and Treasury Registrar.

Also, the Authority worked with other stakeholders whom we have related interests such as TRA, TPA, WMA, BOT, CRDB, NEMC, eGA, TARI, SUA, TBS, GCLA, TRIT, TORITA, IITA, TPHPA, etc.

The Authority has strong ties and working relationships with relevant international organizations such as International Fertilizer Association (IFA), AFRIQOM, and International Fund for Agricultural Development (IFAD), Africa Food System (AGRF), etc.

2.20 Environmental Conservation

In order to conserve the environment, the Authority is keen to ensure judicious use and manufacturing of fertilizer. Moreover, TFRA collaborates with NEMC in disposal of fertilizers and environmental assessment for new projects.

2.21 Accounting Policies and Critical Judgement and Estimates

Results of the entity are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Director's Incorporation Ordinance (Cap. 375) of 1956 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of

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judgment involved, including the use of assumptions and estimation, are described in Notes 2 to the financial statements.

2.22 Fiduciary Responsibility

Members of the Board as stewards of public trust always acted for the good of the Authority rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Authority without placing the Authority under unnecessary risks.

2.23 Subsequent Events

There are no subsequent events, which require disclosure in or adjustment of the financial statements.

2.24 Commentary on the Financial Statements

The financial Statements for the year 2022/23 provide a record of Tanzania Fertilizer Regulatory Authority (TFRA)'s Statement of financial performance, Statement of financial position, cash flow Statement, Statement of changes in net assets/equity, Statement of Comparison of Budget and actual amounts and Notes to the financial statements over the accounting period from 1 July 2022 to 30 June 2023. They provide comparative analysis with actual outcomes of the previous financial year 2021/22.



Financial Position

Financial Position comprises of Cash and cash equivalents, Receivables, Prepayments, Inventories, Property, Plant and Equipment (PPE), Intangible Asset, Work in progress, payables and Net asset/Equity.

2.24.1 Cash and Cash equivalents

Cash and Cash equivalents as at 30 June 2023 amounted to TZS 1,737,481,204 being unspent balance at the year-end for development expenditure compared with previous year balance of TZS 353,955,902.

2.24.2 Receivables

Receivables as at 30 June 2023 was TZS 333,278,360 and for the previous year June 2022 was TZS 0. The outstanding balance was balance due to staff who were advanced staff loan.

2.24.3 Prepayments

Prepayments as at 30 June 2023 was TZS 303,671,863 being paid in advance for purchasing of Motor vehicles and fuels compared with previous year balance of TZS 321,918,735.

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2.24.4 Inventories

Inventories indicated in the Statement of Financial Position for the year under consideration includes value of consumables totalling TZS 35,317,295 and protective gears amounting to TZS 361,500. Total of consumables and protective gears for financial year ended 30 June 2023 was TZS 35,678,795 compared with TZS 38,065,204 in previous year.

2.24.5 Property, Plant and Equipment (PPE)

The carrying amount of Property, Plant and Equipment has increased by TZS 2,694,586,565 from TZS 1,226,615,811 last financial year 2021/22 to TZS 3,921,202,376 in financial year 2022/23 due to the additional non-current assets including construction of laboratory.

2.24.6 Intangible Assets

Intangible Assets for the year under consideration includes value of Fertilizer Information System (FIS) totalling TZS 139,653,000 and computer software amounting to TZS 19,500,055. Total of Fertilizer Information System (FIS) and computer software amounting to TZS 159,153,055 compared with TZS 147,411,500 reported in previous year.

2.24.7 Work in progress

During year under review work in progress was NIL compared to TZS 890,415,301.00 in 2021/2022. The amount was transferred to Plant, Property and Equipment the following completion of construction of laboratory.

2.24.8 Payable and Accruals

At the end of the financial year 2022/23, the Authority had a total of TZS 262,533,489,851 as outstanding liabilities to fertilizer dealers who distributed subsidized fertilizer to farmers and other creditors who rendered various services and supplied goods to the Authority as compared to TZS 81,956,758 in the previous financial year. The increase was significantly contributed by supply of subsidized fertilizer to the farmers.

2.24.9 Net Assets/Equity

Tanzania Fertilizer Regulatory Authority has the Net asset/Equity TZS (256,043,024,198) as at 30 June 2023 as compared to previous year TZS 2,896,425,696 recording an decrease of TZS 258,939,449,894 equivalent to 8,939.96% decrease.

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2.25 Financial Performance

Revenue

2.25.1 Revenue from Non-Exchange Transactions

Revenue from Non-exchange transaction during the year was TZS 102,377,388,511 which includes Government Subvention of TZS 101,999,268,212 (Revenue Grants and Subvention from other Government) gain on foreign currency translation 11,384,650 and other income 208,690,499 (Other revenue and Premium Fees and claims). While for the previous year was TZS 1,515,314,029 which includes Government Subvention of TZS 1,453,093,179 gain on foreign currency TZS 17,062,813, other revenue TZS 45,158,037

2.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions during the year was TZS 17,150,894,269 while for the previous year was TZS 4,904,534,825 which is equivalent to 250% increase. The increase was fuelled by high increase of fertilizer prices in the World following outbreak of COVID 19 pandemic.

2.25.3 Expenses and Transfers

The total expenses and transfers during the year under review were TZS 378,467,732,674. Included in this amount were salaries & wages TZS 4,925,624,913, use of goods and services TZS 370,639,081,122, maintenance of goods TZS 569,878,451, depreciation of Plant, Property and Equipment TZS 494,563,319, amortization of intangible assets 17,798,519, other expenses 381,986,897 and contribution to consolidated fund 1,438,799,453 as compared to TZS 8,189,433,278 for the last financial year (2021/22). This was increase of 370,278,299,396 which is equivalent to 4,521.41%. The total expenses increased during the year due to supply of subsidized fertilizer to farmers.

2.25.4 Deficit in the Statement of Financial Performance

The Agency has recorded a deficit of TZS (258,939,449,894) during the financial year under review as compared to a deficit of TZS (82,565,260) that was recorded during the last financial year.

2.26 Cash Flow Statement

The total fund received during the period was TZS 119,516,898,130. The opening balance at the beginning of the period was TZS 353,955,902. Therefore, the total fund available for the period was TZS 119,870,854,032. This amount was used in different activities as follows:

2.26.1 Cash from Operating Activities

Total receipts from operating activities during the year under review were TZS 119,516,898,130 compared with TZS 8,089,805,205 received from the same source during the previous year. The 1,377.37% increase in receipts during the year was highly contributed by the funds received from Central Government to support Fertilizer Subsidies Programme.

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2.26.2 Cash from Investing Activities

Total TZS 2,198,537,024 was used to Purchase non-current assets compared to TZS 966,487,190 used in previous year. The increase was caused mainly by construction of laboratory and purchases of motor vehicles.

2.26.3 Cash from Financing Activities


During year under review cash from financing activities was NIL the same as in 2021/2022.

2.27 Comparison of Budget and Actual Amount

The original budget of the Agency for the financial year ended 30 June 2023 was TZS 167,203,660,310. The Budget limit was reviewed and increased to the tune of TZS 5,000,000,000 during the year. Therefore, the final budget for the year 2022/23 was TZS 172,203,660,310. The actual receipts at the end of the financial year were TZS 119,528,282,780 while the actual expenditure (payments) at the end of the financial year was TZS 118,454,495,111 leaving a balance of TZS 1,073,787,669 as at 30 June 2023.

2.28 Independent Auditors

The Controller and Auditor General (CAG) is the statutory auditor of Tanzania Fertilizer Regulatory Authority by virtue of Article 143 of the constitution of the United Republic of Tanzania (URT), as amplified by section 32 (4) of the Public Audit Act (PAA) of 2008.


ISO 9001:2015 Certified

2.29 Date of authorisation

The authorised date for issue of financial statements to the Public is after receiving opinion from the Controller and Auditor General and the report being tabled to the National Assembly.

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The provisions of the Directors' Incorporation Ordinance (Cap. 375) of 1956 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the entity as at the end of the financial year and of its profit or loss. The Directors are also obliged to ensure that the entity keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the entity. They are also responsible for safeguarding the assets of the entity.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the entity and of its laws in accordance with International Public Sector Accounting Standards (IPSAS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Director's to indicate that the entity will not remain a going concern for at least twelve months from the date of this statement.

Approved by Board of Directors for issue and signed on its behalf by:


.....
Dr. Anthony M. Diallo (PhD)
Board Chairman

Date: 26/03/2024
.....

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4.0 DECLARATION OF THE HEAD OF ACCOUNTS

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

It is the duty of a Professional Accountant to assist the Board of Directors 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 Board of Directors as under Directors Responsibility statement on an earlier page.

I, **CPA David Allan Dotto**, being the Manager Finance and Accounts of Tanzania Fertilizer Regulatory Authority hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: David Allan Dotto

Position: Manager Finance and Accounts

NBAA Membership No: ACPA2011

Date: 26/03/2024




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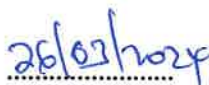
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	62	1,737,481,204	353,955,902
Prepayments	69	303,671,863	321,918,735
Inventories	70	35,678,795	38,065,204
Total Current Asset		<u>2,076,831,862</u>	<u>713,939,841</u>
Non-Current Asset			
Property, Plant and Equipment	90	3,921,202,376	1,226,615,811
Intangible Assets	91	159,153,055	147,411,500
Work In Progress	106	0	890,415,301
Loan Receivables	68	333,278,360	0
Total Non-Current Asset		<u>4,413,633,791</u>	<u>2,264,442,612</u>
TOTAL ASSETS		<u>6,490,465,653</u>	<u>2,978,382,453</u>
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	262,533,489,851	81,956,758
Total Current Liabilities		<u>262,533,489,851</u>	<u>81,956,758</u>
TOTAL LIABILITIES		<u>262,533,489,851</u>	<u>81,956,758</u>
Net Assets		<u>(256,043,024,198)</u>	<u>2,896,425,696</u>
NET ASSETS			
Capital Contributed by:			
Taxpayers funds		985,732,500	985,732,500
Accumulated (deficit)/Surpluses		<u>(257,028,756,698)</u>	<u>1,910,693,196</u>
TOTAL NET ASSETS		<u>(256,043,024,198)</u>	<u>2,896,425,696</u>




Dr. Antony M. Diallo (PhD)
Chairman of the Board


Date


Mr Joel Laurent
Executive Director

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
REVENUE			
Revenue			
Tax Revenue	15	0	0
Revenue Grants	16	100,000,000,000	0
Revenue from Exchange Transactions	17	17,150,894,269	6,591,553,989
Gain on Foreign Currency Translation	27	11,384,650	17,062,813
Premiums, Fees and Claims (Insurance)	30	208,690,499	0
Other Revenue	31	158,045,150	45,158,037
Subvention from other Government entities	32	<u>1,999,268,212</u>	<u>1,453,093,179</u>
TOTAL REVENUE		<u>119,528,282,780</u>	<u>8,106,868,018</u>
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	34	4,925,624,913	2,987,124,761
Use of Goods and Service	35	370,639,081,122	3,537,376,855
Maintenance Expenses	36	569,878,451	244,280,308
Depreciation of Property, Plant and Equipment	90	494,563,319	368,830,194
Amortization of Intangible Assets	91	17,798,519	8,301,497
Other Expenses	52	<u>381,986,897</u>	<u>65,259,663</u>
Total Expenses		377,028,933,221	7,211,173,278
Transfer			
Other Transfers	60	1,438,799,453	978,260,000
Total Transfer		1,438,799,453	978,260,000
TOTAL EXPENSES AND TRANSFERS		<u>378,467,732,674</u>	<u>8,189,433,278</u>
Deficit		(258,939,449,894)	(82,565,260)

Dr. Antony M. Diallo (PhD)
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Date


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

	Tax Payer's Fund	Accumulated Surplus/(deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 Jul 2022	985,732,500	1,910,693,196	2,896,425,696
Addition Capital Injected	-	-	-
Other Reserve	-	-	-
Other Appropriations	-	-	-
Minority Interest	-	-	-
Surplus/ (Deficit) for the Year	-	258,939,449,894	- 258,939,449,894
Closing Balance as at 30 Jun 2023	985,732,500	257,028,756,698	- 256,043,024,198
Opening Balance as at 01 Jul 2021	985,732,500	1,993,258,456	2,978,990,956
Addition Capital Injected	-	-	-
Other Reserve	-	-	-
Other Appropriations	-	-	-
Minority Interest	-	-	-
Surplus/ (Deficit) for the Year	-	82,565,260	- 82,565,260
Closing Balance as at 30 Jun 2022	985,732,500	1,910,693,196	2,896,425,696




Dr. Antony M. Diallo(PhD)
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Date


Mr. Joel Laurent
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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
Cash Flow From Operating Activities			
Receipts			
Subvention from other Government entities	114	1,999,268,212	1,453,093,179
Revenue Grants	108	100,000,000,000	0
Revenue from Exchange Transactions	109	17,150,894,269	6,591,553,989
Premiums, Fees and Claims (Insurance)	112	208,690,499	0
Other Revenue	113	<u>158,045,150</u>	<u>45,158,037</u>
Total Receipts		119,516,898,130	8,089,805,205
Payments			
Wages, Salaries and Employee Benefits	115	4,819,069,913	3,064,447,761
Use of Goods and Service	116	108,400,695,622	3,441,651,904
Other Transfers	119	1,438,799,453	978,260,000
Other Expenses	118	384,498,655	67,132,009
Maintenance Expenses	117	569,878,451	244,280,308
Advances and Loans payment		<u>333,278,360</u>	<u>0</u>
Total Payments		115,946,220,454	7,795,771,982
Net Cash Flow generated From Operating Activities		3,570,677,676	294,033,223
Cash Flow From Investing Activities			
Investing Activities			
Payment For Work In Progress	106	0	(325,145,308)
Advance Payment For Acquisition Of Property Plant And Equipment	103	(180,000,000)	(309,737,632)
Acquisition Of Property, Plant And Equipment	122	(1,988,996,950)	(331,604,250)
Acquisition Of Intangibles	123	<u>(29,540,074)</u>	<u>0</u>
Total Investing Activities		(2,198,537,024)	(966,487,192)
Net Cash Flow used in Investing Activities		(2,198,537,024)	(966,487,192)
Cash Flow From Financing Activities:			
Financing Activities			
Financing Activities		0	0
Total Financing Activities		0	0
Net Cash Flow From Financing Activities		0	0
Net Increase/(Decrease)		1,372,140,652	(672,453,969)
Cash Surrendered to Holding Account		0	0
Effect of Foreign Currency Changes	74	11,384,650	17,062,813
Cash and cash equivalent at beginning of period		<u>353,955,902</u>	<u>1,009,347,058</u>
Cash and cash equivalent at end of period		1,737,481,204	353,955,902



Dr. Antony M. Diallo
Dr. Antony M. Diallo (PhD)
Chairman of the Board

Date

Mr. Joel Laurent
Mr. Joel Laurent
Executive Director

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AS AT 30 JUNE, 2023

Original Budget	Original Budget (TZS)	Re- allocation/Adjus- tments(TZS)	Final Budget (B) (TZS)	Actual Amount on Comparison Basis(A) (TZS)	Difference final Budget (B- A)
RECEIPTS					
Subvention from Other Government Entities	1,757,183,047	-	1,757,183,047	1,999,268,212	242,085,165
Revenue Grants	150,000,000,000	-	150,000,000,000	100,000,000,000	-50,000,000,000
Revenue from Exchange Transactions	15,304,673,570	5,000,000,000	20,304,673,570	17,150,894,269	-3,153,779,301
Premiums, Fees and Claims (Insurance)	141,803,693	-	141,803,693	208,690,499	66,886,806
Other Revenue	-	-	-	158,045,150	158,045,150
Total Receipts	167,203,660,310	5,000,000,000	172,203,660,310	119,516,898,130	-52,686,762,180
PAYMENTS					
Wages, Salaries and Employee Benefits	4,643,632,147	254,014,350	4,897,646,497	4,819,069,913	78,576,584
Use of Goods and Service	154,725,500,979	1,952,385,650	156,677,886,629	108,400,695,622	48,227,191,007
Other Transfers	1,448,799,453	-	1,448,799,453	1,438,799,453	10,000,000
Other Expenses	892,584,080	40,650,000	933,234,080	384,498,655	548,735,425
Maintenance Expenses	1,667,236,000	300,000,000	1,967,236,000	569,878,451	1,397,357,549
Advance Payment PPE Acquisitions	-	-	-	180,000,000	-180,000,000
Acquisition of PPE	3,383,397,030	2,352,950,000	5,736,347,030	1,988,996,950	3,747,350,080
Acquisition of Intangibles	36,417,150	-	36,417,150	29,540,074	6,877,076
Advances and Loans	344,073,206	100,000,000	444,073,206	333,278,360	110,794,846
Total Payment	167,141,640,045	5,000,000,000	172,203,660,310	118,144,757,478	53,946,882,567
Net Receipts/(Payments)	62,020,265	-	-	1,372,140,652	1,260,120,387



 Dr. Antony M. Diallo (PhD)
Chairman of the Board

26/03/2024

 Date



 Mr. Joel Laurent
Executive Director

THE UNITED REPUBLIC OF TANZANIA
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RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)
FOR THE PERIOD ENDED 30 JUNE, 2023

	2022/23	2021/22
	TZS	TZS
Surplus/ Deficit for the Period	-258,939,449,893	-82,565,260
Add/ (Less) Non Cash Item		
Amortization of Intangible Assets	17,798,519	8,301,497
Depreciation of Property, Plant and Equipment	494,563,319	368,830,194
Gain on Foreign Currency Translation	-11,384,650	-17,062,813
Add/ (Less) Change in Working Capital		
Inventories	2,386,409	-12,423,696
Payables and Accruals	262,451,533,092	-80,824,366
Prepayments	-111,490,760	109,777,636
Receivables	-333,278,360	0
Net Cash Flow from Operating Activities	3,570,677,677	294,033,223



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

GENERAL INFORMATION

Tanzania Fertilizer Regulatory Authority (TFRA) is an Authority under the Ministry of Agriculture (MoA), under section 3(1) of the Fertilizer Act of 2009 and came into operation on 12th August, 2012. The Authority is the regulatory body of the fertilizers industry in Tanzania, with objective of increasing agricultural production and productivity through provision of good quality fertilizers and fertilizer supplements.

The Authority's office is located at Kilimo I Complex Building, Mandela Road, Temeke Veterinary in Dar es Salaam.

Basis of preparation and accounting policies

The accompanying financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), Fertilizer Act of 2009 and all accounting standards pronounced by NBAA. No adjustments have been made for inflationary factors affecting the financial statements. The financial statements have been prepared on the basis of historical cost except where otherwise stated in the accounting policies. The cash flows statement is prepared using the direct method.

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

Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key judgments Management has made in preparing the financial statements are as follows:

- a) The useful lives and residual values of intangible assets and Property, Plant and Equipment are assessed using the following indicators to inform potential future use and value from disposal:

- (i) The condition of the asset;
 - (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
 - (iii) The nature of the processes in which the asset is deployed;
 - (iv) Availability of funding to replace the asset;
 - (v) Changes in the market in relation to the asset.
- b) Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.
- c) Key estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout preparation of these financial statements, unless otherwise stated.

5.1 Foreign Currency Translations

Functional and Presentation Currency

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

Transactions and Balances

Foreign currency transactions are translated into Tanzanian shillings at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into Tanzanian shillings using BOT prevailing rates of exchange at the end of the financial year which was USD/TZS 2,315.94. The resultant gains/losses on exchange rate translations are dealt with in the Statement of Financial Performance.

6.0 Revenue recognition

Revenue comprises of the fair value of government subvention, import and export permit fees and other revenues. Revenues are recognized as follows:

Government Subvention

Funds disbursed by the Government to the Authority to assist in carrying out its functions are recognized as income when received by crediting the amount to the statement of financial performance.

Import and Export Fees

Funds collected by the Authority from issuing import/export fertilizer permits to fertilizer dealers.

Other Revenue

Other revenue is recognized in the accounting period in which they relate on accrual basis.

7.0 Property, plant and equipment

Property, plant and equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items.

Subsequently, property, plant and equipment are valued at cost amounts, less accumulated depreciation and accumulated impairment losses. Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows: -

Motor Vehicles	5 years
Computer Equipment	4 years
Office Equipment	5 years
Motor Cycles	7 years
Furniture, fittings and fixtures	5 years
Plants and Machineries	15 years
Buildings	50years

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

7.1.1 Impairment of Assets

Assets that are subject to the depreciation are reviewed for impairment in accordance with IPSAS 21 and IPSAS 26 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable service amount. A non-cash-generating asset is impaired when the carrying amount of the Asset exceeds its recoverable service amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash generating units).

7.1.2 Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash in hand; cash at bank and bank short term deposits whose maturity do not exceed three month.

7.1.3 Provisions

Provisions are recognized when the Authority has a present legal or constructive obligation a result of past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

7.1.4 Employee benefits

Short term employee benefits

Short term employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service.

Workers Compensation Fund came into effect from July, 2015 through the Workers Compensation Act, 2008. TRFA as an entity is obliged to comply with it.

Post-employment benefits

Post-employment benefits are benefits (other than terminal benefits and short-term employee benefits) that are payable after the completion of employment.

There was no Post Employment benefit outstanding as at year end.

a) Other long-term benefits

Other long-term benefits are benefits other than short-term employment benefits, post-employment benefits and termination benefits. No outstanding for this category.

b) Termination benefits

Termination benefits are benefits provided in exchange for the termination of an employee's employment as a result of either: -

- (i) An entity's decision to terminate an employee's employment before the normal retirement date; or
- (ii) An employee's decision to accept an offer of benefits in exchange for the termination of employment.
- (iii) No outstanding for this category

7.1.5 Stock taking and assets verification

Annual stock taking shall be carried out at the end of every financial year. The stock taking shall be done by the Manager of Procurement Management Unit and witnessed by Manager of Internal Audit. The stock taking shall cover:

- a) Non-Current Assets and
- b) Current Assets



All stores shall be verified against the stores register and a report of discrepancies be made to the Executive Director. Included in the report shall also be a list of obsolete and damaged stores together with a recommendation of possible write offs.

7.1.6 Inventories

Inventories are stated at the lower of cost and net replacement cost. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Stationeries and other consumables - cost is determined on first in.

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

7.1.7 Intangible Assets

Intangible Assets (consist of computer software) acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred. The useful

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TANZANIA FERTILIZER REGULATORY AUTHORITY

lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The expected useful life is approximately 5 years.

The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expenses on intangible assets are recognized in the statement of financial performance. Gain or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in surplus/deficit when the asset is derecognized.

7.1.8 Purchases from other Government Institutions

During the year TFRA purchased goods and services from other Government institutions valued TZS 1,060,993,943.91. These Government Institutions were as follows:

Entity	Amount in TZS
TBS	21,787,000.00
TARI	48,354,751.00
GPSA	783,464,100.00
Arusha Technical College	37,384,360.00
Air Tanzania Ltd	90,000,000.00
TANESCO	71,356,717.91
Government Chemist	8,647,015.00
EGA	165,179,362.48
TOTAL	1,226,173,306.39

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NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD
ENDED 30 JUNE, 2023

	2022//23	2021/22
15 - Tax Revenue		
16 - Revenue Grants		
Government Grant Development	100,000,000,000	0
Local		
	100,000,000,000	0
17 - Revenue from Exchange Transactions		
Import Fee	17,145,917,511	6,591,553,989
Miscellaneous Receipts	4,976,758	0
Total	17,150,894,269	6,591,553,989
27 - Gain on Foreign Currency Translation		
Foreign Exchange differences (Gain)	11,384,650	17,062,813
- Monetary		
	11,384,650	17,062,813
30 - Premiums, Fees and Claims (Insurance)		
Export fees	208,690,499	0
Total	208,690,499	0
31 - Other Revenue		
Compounding Fees	55,600,000	5,900,600
Miscellaneous Receipts	5,949,072	30,326,733
Tender Documents	32,633,788	8,930,704
Testing Fee	63,862,290	0
Total	158,045,150	45,158,037
32 - Subvention from other Government entities		
Subvention for Personal Emolument	1,999,268,212	1,453,093,179
Total	1,999,268,212	1,453,093,179
34 - Wages, Salaries and Employee Benefits		
Acting Allowance	7,545,000	227,000
Casual Labourers	29,393,360	37,946,048
Civil Servants	1,999,180,210	1,453,093,179
Court Attire Allowance	0	1,500,000
Electricity	32,524,082	23,488,667
Extra Duty	2,180,000	0
Extra-Duty	709,933,245	568,315,000
Food and Refreshment	137,800,000	82,457,306



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Furniture	30,000,000	41,110,003
Honoraria	533,678,000	276,652,214
Housing Allowance	72,000,000	26,013,603
Leave Travel	38,050,440	34,404,807
Medical and Dental Refunds	0	1,210,000
Moving Expenses	228,788,500	34,676,978
National Health Insurance Schemes (NHIF)	23,854,968	0
Non-Civil Servant Contracts	8,851,497	11,437,968
Outfit Allowance	800,000	1,500,000
Professional Allowances	59,108,250	134,600,000
Sitting Allowance	357,955,000	141,130,000
Special Allowance	80,690,000	0
Telephone	147,037,711	117,361,988
Transport	426,254,651	0
Total	4,925,624,913	2,987,124,761

35 - Use of Goods and Service

Advertising and publication	61,358,400	52,555,428
Air Travel Tickets	195,305,784	184,554,211
Cleaning Supplies	3,600,000	6,892,329
Computer Software	0	6,956,000
Computer Supplies and Accessories	4,800,000	0
Conference Facilities	131,419,750	92,187,744
Courier Services	1,339,200	3,000,000
Diesel	161,250,216	289,227,262
Drugs and Medicines	2,630,000	400,000
Electricity	44,918,336	30,555,660
Entertainment	2,850,000	0
Exhibition, Festivals and Celebrations	60,061,008	5,640,681
Fertilizers	362,338,710,180	0
Food and Refreshments	312,103,269	141,945,486
Gifts and Prizes	48,077,823	3,150,000
Ground Transport (Bus, Train, Water)	80,763,961	3,196,000
Ground travel (bus, railway taxi, etc)	96,205,422	96,736,538
Newspapers and Magazines	6,000,000	3,353,000
Office Consumables (papers, pencils, pens and stationaries)	101,950,827	73,775,270
Outsourcing Costs (includes cleaning and security services)	84,000,000	46,768,179
Per Diem - Domestic	5,534,588,304	1,966,770,952
Per Diem - Foreign	153,482,554	114,267,744



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Petrol	0	800,000
Posts and Telegraphs	2,733,800	1,988,000
Printing and Photocopying Costs	401,411,581	15,369,200
Production and Printing of Training Materials	1,000,000	2,542,300
Protective Clothing, footwear and gears	10,412,500	5,186,313
Publicity	105,367,250	38,780,000
Remuneration of Instructors	34,430,000	29,100,000
Rent - Office Accommodation	35,200,772	6,600,000
Sewage Charges	1,800,000	1,974,500
Special Needs material and supplies	16,355,000	0
Subscription Fees	36,247,279	9,638,750
Technical Service Fees	362,678,822	220,741,185
Training Materials	300,000	100,000
Tuition fees	132,342,068	53,613,701
Uniforms	11,350,000	0
Uniforms and Ceremonial Dresses	57,945,540	24,695,367
Visa Application Fees	2,291,476	4,015,056
Water Charges	600,000	300,000
Wire, Wireless, Telephone, Telex Services and Facsimile	1,200,000	0
Total	370,639,081,122	3,537,376,855



36 - Maintenance Expenses

Air conditioners	7,860,460	4,070,000
Computers, printers, scanners, and other computer related equipment	4,930,000	306,800
Motor Vehicles and Water Craft	116,380,871	144,887,333
Outsource Maintenance Contract Services	371,102,758	38,886,372
Tyres and Batteries	69,604,362	56,129,803
Total	569,878,451	244,280,308

52 - Other Expenses

Audit fees	60,000,000	57,833,000
Bank Charges and Commissions	0	426,663
Burial Expenses	24,970,000	7,000,000
consultancy fees	163,772,422	0
Field Trials Expenses	94,454,855	0
Parastatal Rehabilitation	5,689,620	0
Parking Expenses	33,100,000	0
Total	381,986,897	65,259,663

60 - Other Transfers

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Contribution to CF (15%)	1,438,799,453	978,260,000
Total	1,438,799,453	978,260,000

62 - Cash and Cash Equivalents

BoT Own source Collection Account	35,952,992	4,869,238
Development Expenditure Cash Account	415,367,547	0
imprest cash account	44,753,855	0
Own source Collection Account - NMB	0	3,324,560
Own source Development Expenditure	252,411	0
Own source Recurrent Expenditure GF	22,543,247	2,300,791
Recurrent Expenditure Cash Account	13,421,000	0
USD BOT Collection Account	1,205,190,152	332,126,794
USD Commercial Collection Account	0	11,334,519
Total	1,737,481,204	353,955,902

68 - Loan Receivables

Loan Receivable	333,278,360	0
Total	333,278,360	0

69 - Prepayments

Prepayment - Expenses	123,671,863	12,181,103
Prepayments - Assets	180,000,000	309,737,632
Total	303,671,863	321,918,735



70 - Inventories

Consumables	35,678,795	25,295,204
Uniforms	0	12,770,000
Total	35,678,795	38,065,204

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NOTES TO THE FINANCIAL STATEMENT - LIABILITY MOVEMENT
FOR THE YEAR ENDED 30 JUNE 2023

89 - Payables and Accruals

	Opening	Paid	Rejected	Addition	Balance
Advance for Work in Progress	-	-	-	-	-
Advance Utility	-	-	-	-	-
Imprest payable	-	-	-	-	-
Loan Payable	-	-	-	-	-
Minimize and other Deductions	-	-	-	-	-
Other payables	-	-	-	60,000,000	60,000,000
Staff Claims	19,445,000	(19,445,000)	-	126,000,000	126,000,000
Supplies of goods and services	62,511,758	(62,511,758)	-	262,338,710,180	262,338,710,180
Withholding Tax payables	-	-	-	8,779,671	8,779,671
Withholding tax	-	-	-	-	-
TOTAL	81,956,758	(81,956,758)	-	262,533,489,851	262,533,489,851

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90 - Property, Plant and Equipment

Reporting period 30 June 2023	Motor Vehicle	Computer and printers	Office Equipment	Furniture and Fittings	Motor cycles	Land	Buildings	Plant and Machinery	TOTAL
	1,161,093,875.00	424,071,324.00	186,728,064.00	237,222,079.00	108,878,000.00	28,490,000.00		-	2,146,483,342.00
Additions - Monetary	320,000,000	66,252,159.00	108,495,020.00	224,747,490.00		7,809,190.00	506,036,117.00	755,656,974.00	1,988,996,950
Additions - Non monetary	309,737,632						890,415,303.00		1,200,152,935
Grand total	1,790,831,507.00	490,323,483.00	295,223,084.00	461,969,569.00	108,878,000.00	36,299,190.00	1,396,451,420.00	755,656,974.00	5,335,633,227.00
ACCUMULATED DEPRECIATIONS									
Reporting period 30 June 2023									
Gross carrying value, 1 July, 2022	558,609,295.00	190,818,054.00	53,681,268.00	84,239,035.00	32,519,879.00	-		-	919,867,531.00
Charge for the year	272,833,900.00	92,646,128.00	42,596,910.00	47,744,507.00	15,558,666.00			23,183,208.00	494,563,319.00
Grand total	831,443,195.00	283,464,182.00	96,278,178.00	131,983,542.00	48,078,545.00	-	-	23,183,208.00	1,414,430,850.00
CARRYING VALUE									
Reporting period 30 June 2023									
Grand total	959,388,312	206,859,30	198,944,906	329,986,02	60,799,455.	36,299,190.	1,396,451,420		3,921,202,376

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91 - Intangible Assets

COST/ADJUSTMENT/REVALUATION		COMPUTER SOFTWARE- KARSPERKY INTERNET SECURITY	MS OFFICE 2019 PROFESSIONAL	BIOMETRIC SYSTEM	TOTAL
Gross carrying value, 1 July, 2022	155,170,000.00			1,628,990.00	156,798,990.00
Additions -Purchases		3,540,000.00	26,000,074.00		29,540,074.00
Grand total	155,170,000.00	3,540,000.00	26,000,074.00	1,628,990.00	186,339,064.00
ACCUMULATED AMORTIZATION		COMPUTER SOFTWARE- KARSPERKY INTERNET SECURITY	MS OFFICE 2019 PROFESSIONAL	BIOMETRIC SYSTEM	TOTAL
Balance as 1 July 2023	7,758,500.00			1,628,990.00	9,387,490.00
Additions -Purchases	7,758,500.00	3,540,000.00	6,500,019.00		17,798,519.00
Grand total	15,517,000.00	3,540,000.00	6,500,019.00	1,628,990.00	27,186,009.00
		COMPUTER SOFTWARE			
CARRYING VALUE as at 30 June 2023					
		KARSPERKY INTERNET SECURITY	MS OFFICE 2019 PROFESSIONAL	BIOMETRIC SYSTEM	
Grand total	139,653,000.00		19,500,055.00		159,153,055.00

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NB: OFFICE BUILDING

The Authority is working in the building belonged to the Parent Ministry of Agriculture, and as at the date of this report, the Ministry had neither transferred nor shown intention to transfer the building to the Authority. As the value is recorded in the Ministry's books, no value of the same building is shown in the books of Authority.

The figure of building reported in the financial statement represent laboratory building which completed at the end of the year.

NOTES - CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2023

	2022/23	2021/22
	TZS	TZS
103 - Advance Payment for Acquisition of Property Plant and Equipment		
Prepayments - Assets	180,000,000	309,737,632
Payment	180,000,000	309,737,632
104 - Receipts from Sales of Government Assets		
Payment	-	-
Payment	-	-
106 - Payment for Work in Progress		
Buildings other than dwellings - WIP	-	325,145,308
Payment	-	325,145,308
108 - Revenue Grants		
Government Grant Development Local	100,000,000,000	-
Revenue	100,000,000,000	-
109 - Revenue from Exchange Transactions		
Import Fee	17,145,917,511	6,591,553,989

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Miscellaneous Receipts	4,976,758	-
Revenue	17,150,894,269	6,591,553,989

112 - Premiums, Fees and Claims (Insurance)

Export fees	208,690,499	0
Revenue	208,690,499	0
Revenue	208,690,499	1,687,019,164

113 - Other Revenue

Compounding Fees	55,600,000	5,900,600
Miscellaneous Receipts	5,949,072	30,326,733
Tender Documents	32,633,788	8,930,704
Testing Fee	63,862,290	-
Revenue	158,045,150	45,158,037

114 - Subvention from other Government entities


Subvention for Personal Emolument	1,999,268,212	1,453,093,179
Revenue	1,999,268,212	1,453,093,179



115 - Wages, Salaries and Employee Benefits

Acting Allowance	7,545,000	227,000
Casual Labourers	29,393,360	37,946,048
Civil Servants	1,999,180,210	1,453,093,179
Court Attire Allowance	-	1,500,000
Electricity	32,524,082	23,488,667
Extra Duty	2,180,000	-
Extra-Duty	709,933,245	568,315,000
Food and Refreshment	137,800,000	82,457,306
Furniture	30,000,000	41,110,003
Honoraria	533,678,000	276,652,214

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Housing Allowance	72,000,000	26,013,603
Leave Travel	38,050,440	34,404,807
Medical and Dental Refunds	-	1,210,000
Moving Expenses	228,788,500	34,676,978
National Health Insurance Schemes(NHIF)	23,854,968	-
Non-Civil Servant Contracts	8,851,497	11,437,968
Outfit Allowance	800,000	1,500,000
Professional Allowances	59,108,250	134,600,000
Sitting Allowance	357,955,000	141,130,000
Special Allowance	80,690,000	-
Telephone	147,037,711	117,361,988
Transport	426,254,651	-
Expenses	4,925,624,913	2,987,124,761
		
Add/Less (Change in Working Capital)		
Wages Salaries and Employee Benefit (Accrued during the year)	(126,000,000)	77,323,000
Wages Salaries and Employee Benefit (Payment of previous year payable)	<u>19,455,000</u>	<u>77,323,000</u>
Payment	<u>4,819,069,913</u>	<u>3,064,447,761</u>

116 - Use of Goods and Service

Closing stock at the end of the year	35,678,795	38,065,204
Prepayment expenses at the start of the year	(12,181,103)	(121,958,739)
Supplies and Consumables used during the year	370,639,081,122	3,537,376,855
Prepayment at the end of the year	123,671,863	12,181,103
Opening Stock at the beginning of the year	(38,065,204)	(24,012,519)
Supplies of goods and services	<u>(262,347,489,851)</u>	-
Cash paid to suppliers during the year	<u>108,400,695,622</u>	<u>3,441,651,904</u>

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117 - Maintenance Expenses

Air conditioners	7,860,460	4,070,000
Computers, printers, scanners, and other computer related equipment	4,930,000	306,800
Motor Vehicles and Water Craft	116,380,871	144,887,333
Outsource Maintenance Contract Services	371,102,758	38,886,372
Tyres and Batteries	69,604,362	56,129,803
Total expenses made during the year	569,878,451	244,280,308

118 - Other Expenses

Opening balance of accrued other expenses	62,511,758	64,384,104
Other expenses incurred during the year	381,986,897	65,259,663
Closing balance of other expenses at the end of year	<u>(60,000,000)</u>	<u>(65,511,758)</u>
Total payment made during the year	384,498,655	67,132,009



119 - Other Transfers

Contribution to CF (15%)	1,438,799,453	978,260,000
Expenses	1,438,799,453	978,260,000
Expenses	1,438,799,453	978,260,000

120 - Deposit

Revenue

Revenue

121 - Effect of Foreign Currency Changes

Foreign Exchange differences (Gain) - Monetary	11,384,650	17,062,813
Payment	11,384,650	17,062,813

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122 - Acquisition of Property, Plant and Equipment

PPE Cost incurred during the year (Note 90)	2,298,734,582	1,296,375,501
Non-monetary acquisition	<u>(309,737,632)</u>	-
PPE cost paid during the year	<u>1,988,996,950</u>	<u>1,296,375,501</u>

123 - Acquisition of Intangibles

Computer Software	<u>29,540,074</u>	-
Payment	<u>29,540,074</u>	-



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RECTIFICATION OF ERRORS ON THE PREVIOUS YEAR (2021/2022) FINANCIAL STATEMENTS

Number	items	Restated Amount	Amount as per Audited FS	Difference	Reason for Restatement
1	Revenue from exchange transaction	6,591,553,989.00	6,597,454,589.00	(5,900,600.00)	The note for revenue from exchange transactions decreases by TZS.5,900,600 in the Statement financial performance, this difference represents Compounding Fees Which was included in the revenue from exchange transaction instead of being shown as other revenue
2	gain on foreign	17,062,813.00	-	17,062,813.00	The note for gain from foreign exchange of TZS 17,062,813 was included in other revenue instead of being shown separately.
3	Wages, Salaries and Employee benefits	2,987,124,761.00	2,774,254,787.00	212,869,974.00	The note for wages, salaries and employee benefit decreased by TZS.212,869,974 in the Statement financial performance, this is because some of the items was rearranged to suit the current format given by MUSE and thus lead some of the information to be transferred from one category of expenses to another category leaving the same end result.
4	use of goods and services	3,537,376,855.00	3,518,523,232.00	18,853,623.00	The note for supplies and consumable decreased by TZS.18,853,623 in the Statement financial performance, this is because some of the items was rearranged to suit the current format given by MUSE and thus lead some of the information to be transferred from one category of expenses to another category leaving the same end result.
5	Maintenance expenses	244,280,308.00	541,263,568.00	(296,983,260.00)	The note for Maintenance expenses decreased by TZS.296,983,260 in the Statement financial

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Number	items	Restated Amount	Amount as per Audited FS	Difference	Reason for Restatement
					performance, this is because some of the items was rearranged to suit the current format given by MUSE and thus lead some of the information to be transferred from one category of expenses to another category leaving the same end result.
6	other expenses	65,259,663.00	-	65,259,663.00	The note for other expenses increases by TZS.18,853,623 in the Statement financial performance, this is because some of the items was rearranged to suit the current format given by MUSE and thus lead some of the information to be transferred from one category of expenses to another category leaving the same end result.



Reconciliation between actual amounts on a comparable basis as presented in the statement of comparison of budget and actual the amount in the statement of cash flows (IPSAS 24)

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in budget and actual comparative statement	115,946,220,454	-	2,198,537,024	118,144,757,478
Basis difference	-	-	-	-
Timing difference	-	-	-	-
Entity differences	-	-	-	-
Actual Amount in the statement of cash flows	115,946,220,454		2,198,537,024	118,144,757,478