



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



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF THE INSTITUTE  
OF FINANCE MANAGEMENT FOR THE FINANCIAL  
YEAR ENDED 30 JUNE 2021**

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March 2022

AR/PA/IFM/2020/21

## **Mandate**

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

## **Vision**

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

## **Mission**

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

**Motto:** "Modernizing External Audit for Stronger Public Confidence"

## **Core values**

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit



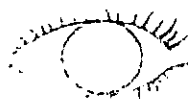
## **We do this by:**

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

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

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## ABBREVIATIONS

|           |                                                        |
|-----------|--------------------------------------------------------|
| AIDS      | Acquired Immuno Deficiency Syndrome                    |
| CAG       | Controller and Auditor General                         |
| COVID -19 | Corona Virus Disease of 2019                           |
| HIV       | Human Immunodeficiency Virus                           |
| IFM       | Institute of Finance Management                        |
| IPSASs    | International Public Sector Accounting Standards       |
| ISSAIs    | International Standard of Supreme Audit Institutions   |
| LAAC      | Local Authorities Accounts Committee                   |
| MOFP      | Ministry of Finance and Planning                       |
| PAA       | Public Audit Act, Cap 418 [R.E 2021].                  |
| PAC       | Public Accounts Committee                              |
| PAR       | Public Audit Regulation, 2009                          |
| PFA       | Public Finance Act, 2009                               |
| PFR       | Public Finance Regulations, 2009                       |
| PPA       | Public Procurement Act, 2011 (as amended 2016)         |
| PPR       | Public Procurement Regulations, 2013 (as amended 2016) |
| PSSSF     | Public Service Social Security Fund                    |

## KEY INFORMATION OF THE INSTITUTE

**Registered Office:** 5 Shaaban Robert Street  
P. O. Box 3918  
11101DAR ES SALAAM  
Email; [rector@ifm.ac.tz](mailto:rector@ifm.ac.tz)  
Phone: +255 222 112931-4

**Principal Auditor:** The Controller and Auditor General  
National Audit Office  
Audit House  
P. O. Box 950  
Dodoma.

**Delegated Auditor** Quintex Financial Services  
P. O. Box 11201  
DAR ES SAALAM

**Lawyer:** Adv. James Igakinga  
5 Shaaban Robert Street  
P. O. Box 3918  
11101DAR ES SALAAM  
Email; [james.igakinga@ifm.ac.tz](mailto:james.igakinga@ifm.ac.tz)  
Phone: +255 222 112931-4

**Bankers:**

|                                                                               |                                                                      |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Bank of Tanzania<br>2 Mirambo Street<br>P. O. Box 2939<br>11884 Dar Es Salaam | CRDB Bank Plc<br>PPF Tower Branch<br>P. O. Box 2302<br>Dar Es Saalam |
| NMB Bank Plc<br>Bank House Branch<br>P.O. Box 9031<br>Dar Es Salaam           | EXIM Bank<br>Mwanza Branch<br>P.O.BOX 1431<br>MWANZA                 |
| NBC<br>Samora Branch<br>P. O. Box 9062<br>Dar Es Salaam                       | TPB Bank<br>P.O. Box 9300<br>Dar Es Salaam                           |

## **1.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2021**

### **INTRODUCTION**

In compliance with the Tanzania Financial Reporting Standards (TFRS) No. 1 on the report by those charged with Governance, the Governing Council submits this report and financial statement of the Institute of Finance Management for the year ended 30 June 2021.

The Governing Council submits its report and the draft Financial Statements for the year ended 30 June 2021, which discloses the state of affairs of the Institute. The Financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

### **1.1 ESTABLISHMENT**

The historical background of the Institute of Finance Management goes back to the then National Bank of Commerce (NBC) Training College established by NBC soon after the nationalization of private banks in 1967 with the aim of training the recruited but inexperienced bankers and conducting short-term training programmes for practicing bankers.

The Institute of Finance Management was established by the Institute of Finance Management Act. Cap. 91 R.E. 2002 on 8 February 1972. The Institute came into operation in July 1972. The Institute generates income from tuition fees collected from students, Government subsidies to cover personnel emoluments, consultancies, short courses, capital development and other miscellaneous income.

### **1.2 VISION STATEMENT**

To become a world class centre of academic and professional excellence and agent for change in financial studies and related disciplines.

### **1.3 MISSION STATEMENT**

To provide dynamic and quality academic and professional training that nurture creativity and innovation through integrated training, research and consultancy in financial studies and related disciplines.

### **1.4 CORE VALUES OF THE INSTITUTE**

In line with its Vision and the need to fulfill its Mission and live its Philosophy, the Institute will adhere to the following nine core values: -

- a) **Customer focus;** IFM will be sensitive and responsive to customer and stakeholders' needs, customer driven in all endeavour, committed to customer care, satisfaction and social responsibility.
- b) **Academic freedom:** In an atmosphere of intellectual rigor made possible by academic freedom, the Institute of Finance Management, is positioned to develop and teach courses innovatively while producing scholarly and creative work that serves the interests of the Institute and the community at large.
- c) **Accountability:** Demonstrating high degree of responsibility, answerability, diligence and ethical behaviour in decision making, operations, transactions, dealings and services of the Institute.
- d) **Competence:** Knowledgeable, resourceful, research-oriented and professional in conduct; relentless and continuous quest for the highest frontiers of knowledge, experience, skills and best practice.
- e) **Excellence:** IFM is committed to attaining excellence. This means, but not limited to, delivering prompt and exemplary service to all and at all times; striving towards effective and efficient performance; being professional, diligent; and business oriented in attitude, communication, appearance and action.
- f) **Fairness:** It is in the interest of the Institute to create equal opportunity for all, treating people equally; demonstrating objectivity; observing, upholding and practicing justice in all matters; avoiding bias, prejudice and discrimination; as well as applying uniform rules and standards.
- g) **Gender Equity and Diversity:** Embracing diversity and gender equity in the life of the Institute in order to promote gender balance and reap the most from the human resource potentials of the Institute.
- h) **Integrity:** Demonstrating high fidelity, honesty, faithful and trustworthy behaviour; being professional, credible, responsible, dependable, and diligent in duty; committed to IFM, its vision, mission and goals and having the Institute's best interest at heart.
- i) **Teamwork:** Promoting the culture of team spirit and compassion in order to create synergy in operations, commonality of purpose and unity of direction; avoiding conflicts and divisiveness at the place of work and acting like a family.



## 1.5 PRINCIPAL ACTIVITIES

The Institute of Finance Management was established by Act of Parliament No. 3 of 1972 as corporate body with the following general objectives:

- i) To provide facilities for the study of, and training in principles, procedures and techniques of Banking, Insurance, Finance Management and such other related subjects as the Council may decide from time to time;
- ii) To conduct training programs leading to professional qualifications in Banking, Insurance, Financial Management and other related subjects;
- iii) To conduct examinations and grant diplomas, certificate, and other awards of the Institute;
- iv) To sponsor, arrange and provide facilities for conferences and seminars; and
- v) To arrange for the publication and general dissemination of materials produced in connection with the work and activities of the Institute.

## 1.6 RESOURCES AND STRENGTHS

Resources and strengths that facilitate the Institute's endeavour in achieving its strategic objectives include human, financial and technological resources.

In terms of human capital, the Institute has well-qualified academic and supporting staff dedicated to long career development in the Institute. From its strategic perspective, the Institute uses its financial strength to facilitate implementation of initiatives as provided in the strategic plan within the available financial resources and prudently manages its sources of income.

On technological side, the Institute has made significant efforts of adopting modern technology and has become the think tank in banking, financial and insurance sector. Further, the Institute has managed to extend its services country wide through training, consultancy, short courses, research and dissemination of research results.

## 1.7 REVIEW OF INSTITUTE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

The Institute is operated through the Corporate Strategic Plan (CSP) which describes the Vision, Mission, Core Values, Strategic Objectives, Targets and Key Performance Indicators. During the year, the Institute Corporate Strategic Plan continued to focus on attaining 6 major strategic objectives that translate into its primary mandates. These are:

- i) Enhancement of academic and professional training, research and consultancy services.

- ii) Improvement of human resources capacity and physical facilities.
- iii) Improvement of governance and management systems.
- iv) Enhancement of financial sustainability.
- v) Improvement of health services and reduction of HIV/AIDS infection.
- vi) Adherence to National Anti-corruption Strategy and Action Plan.

The Implementation of the Corporate Strategic Plan is evaluated quarterly, basing on key performance indicators and its report compiled in semi-annually and annually. The assessment of performance includes both financial and non-financial aspects. During the financial year 2020/21, the Corporate Strategic Plan was implemented at an average of 97.8%. The respective objective(s) and targets against performance (% of achievement) are as shown in Table 1.



**Table 1: Strategic Plan Performance Review**

| Strategic Objectives                                                            | S/No | Targets                                                                                              | Achievements                                                                                                                                                                                                                                                                                         | Performance (%) |
|---------------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Academic and professional training, research and consultancy services enhanced. | 1    | 12,142 students enrolled, trained and assessed various areas of by June 2021                         | 14,395 students were successful enrolled, trained and assessed in various areas as at 30 June 2021                                                                                                                                                                                                   | 119             |
|                                                                                 | 2    | Registration of 12,142 students in various programmes offered at IFM Dar, MC, DC and SC.             | Total Registered students (new and continuing), as at 30 June 2021:14,395. Out of these, 13,236, 951, 107 and 101 are registered at Dar, Mwanza, Simiyu and Dodoma respectively.                                                                                                                     | 119             |
|                                                                                 | 3    | Facilitation of HESLB Loans activities for all beneficiaries                                         | All HESLB beneficiaries facilitated as planned                                                                                                                                                                                                                                                       | 100             |
|                                                                                 | 4    | Facilitation of conduct of examination (Assessment) for all programmes at Dar Campus (five sessions) | Conduct of assessments (i.e. class tests and final examinations) facilitated as planned                                                                                                                                                                                                              | 100             |
|                                                                                 | 5    | Issuance of transcripts and certificates to all 46 <sup>th</sup> graduates                           | 2,228 transcripts for 46 <sup>th</sup> graduation were requested and have been prepared and issued.                                                                                                                                                                                                  | 100             |
|                                                                                 | 6    | Monitoring and evaluation of exams invigilation conducted by June, 2021                              | Exams monitored and evaluated (all undergraduate and postgraduate) as planned                                                                                                                                                                                                                        | 100             |
|                                                                                 | 7    | Monitoring of teaching and learning process in all IFM campuses conducted by June 2021               | Academic audit conducted in Mwanza.                                                                                                                                                                                                                                                                  | 100             |
|                                                                                 | 8    | Three (3) new Bachelor degree programmes developed by June 2021.                                     | Three Bachelor degree programmes have been developed (i.e. Bachelor of Business Administration in Procurement, Bachelor of Business Administration in Marketing and Entrepreneurship and Bachelor of Business Administration in Human Resources Management) and will be submitted to NACTE after the | 80              |

| Strategic Objectives              | S/No | Targets                                                                                                                                                                                                             | Achievements                                                                                   | Performance (%) |
|-----------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------|
|                                   |      |                                                                                                                                                                                                                     | approval of management and relevant academic board.                                            |                 |
|                                   | 9    | Three Curricula in the in areas of Insurance and Social protection developed by June 30 <sup>th</sup> 2021.                                                                                                         | One (1) curriculum for undergraduate and two (2) for Masters level are being developed.        | 40              |
|                                   | 10   | Visibility of the institute's programmes enhanced through conducting five (5) promotion and awareness events annually.                                                                                              | The Institute participated into three public exhibitions including SABASABA, TCU AND NANENANE. | 100             |
|                                   | 11   | 36 undergraduate and postgraduate curricula reviewed by June 2021.                                                                                                                                                  | 35 Curricula were reviewed and re-submitted to NACTE for approval.                             | 97              |
|                                   | 12   | The review of the MAF and MFI Curricula is facilitated and accomplished by June 2021.                                                                                                                               | The curriculum report has been submitted to NACTE for approval.                                | 95              |
|                                   | 13   | Development of one curriculum of Master's Degree programme in areas of Banking and Finance and launching of Master of Science in Banking and Information System Management (MSc. BIS) are facilitated by June 2021. | A team is working on the comments from NACTE for final stage of accreditation.                 | 90              |
| Governance and management systems | 14   | At least fourteen (14) lecture rooms in all campuses are installed with fixed multimedia projectors by June 2021.                                                                                                   | Procurement of fourteen (14) multimedia projectors completed.                                  | 100             |
|                                   | 15   | e-Office Systems installed by June 2021.                                                                                                                                                                            | e-Office Systems installed                                                                     | 100             |

| Strategic Objectives | S/No | Targets                                                                                                                                                                 | Achievements                                                                                                                                                              | Performance (%) |
|----------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| improved.            | 16   | Video conference facilities installed at least in three classes by June 2021.                                                                                           | Procurement process for items for the video conference is on the process.                                                                                                 | 50              |
|                      | 17   | At least thirteen (13) lecture rooms in all campuses are installed with podiums by June 2021.                                                                           | Procurement of thirteen (13) completed.                                                                                                                                   | 95              |
|                      | 18   | One (1) statistical software package, timetabling software installed by June, 2021.                                                                                     | One (1) statistical software package, Microsoft Windows 10 operating system and Microsoft Office Pro 2019 software installed.                                             | 100             |
|                      | 19   | Students Information Systems, application and admission systems, Library Management systems, E-learning platform and eBook management system are enhanced by June 2021. | Maintenance of Students Information Systems, application and admission systems, Library Management systems, E-learning platform and eBook management system have started. | 80              |
|                      | 20   | Three (3) modules in Enterprise Resources Planning (ERP) system is developed by June 2021                                                                               | Implementation of three (3) Modules is on the process.                                                                                                                    | 90              |
|                      | 21   | Various Computer systems license are updated by June 2021.                                                                                                              | License renewal of SSL, Sage Pastel, Turnitin, Antivirus, Sophos and Adobe completed.                                                                                     | 100             |
|                      | 22   | Various ICT equipments are repaired by June 2021.                                                                                                                       | Procurement contract for maintenance of photocopy machine is in progress.                                                                                                 | 10              |
|                      | 23   | One hundred and three (103) new computers for all campuses and twenty-eight (28) laptops for Governing Council and Management members are installed by June 2021.       | Procurement of all computers (103) and Twenty eighty (28) laptops for Governing Council and Management members completed.                                                 | 100             |
|                      | 24   | One (1) server computer is procured and installed by June, 2021                                                                                                         | Procurement of one (1) computer server completed.                                                                                                                         | 100             |

| Strategic Objectives | S/No | Targets                                                                                                                                                | Achievements                                                                                                                                          | Performance (%) |
|----------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|                      | 25   | Fifteen (15) office printers, one (1) ID Printing equipment and one (1) mid-size and two (2) heavy-duty photocopier machine are installed by June 2021 | Procurement of Fifteen (15) office printers, one (1) ID Printing equipment and one (1) mid-size and two (2) heavy-duty photocopier machine completed. | 95              |
|                      | 26   | E-book subscription facilitated by June 2021.                                                                                                          | Implemented                                                                                                                                           | 100             |
|                      | 27   | Procurement of 20 computers for creating e-book/online access points facilitated by June 2021.                                                         | Implemented                                                                                                                                           | 100             |
|                      | 28   | 400 print books procured by June 2021                                                                                                                  | 425 books were procured.                                                                                                                              | 106             |
|                      | 29   | Six (6) library staff facilitated to attend relevant professional short courses by June 2021.                                                          | Six (6) library staff attended short course.                                                                                                          | 100             |
|                      | 30   | At least four (4) research skills seminar/workshop conducted by June 2021.                                                                             | Two (2) research skills seminars/workshops were conducted by June 2021.                                                                               | 50              |
|                      | 31   | At least one (1) collaborative research undertaken by June 2021.                                                                                       | One (1) collaborative research was undertaken by June 2021.                                                                                           | 100             |
|                      | 32   | At least one (1) public lecture organized by June 2021.                                                                                                | One (1) collaborative research was undertaken by March 2021.                                                                                          | 100             |
|                      | 33   | At least forty (40) research papers are published by June 2021.                                                                                        | Forty (40) research papers were published by June 2021                                                                                                | 100             |
|                      | 34   | Ten (10) short courses conducted by June 2021.                                                                                                         | Thirty-three (33) short courses conducted.                                                                                                            | 330             |

| Strategic Objectives                                      | S/No | Targets                                                                                                                     | Achievements                                                                                                                                                                                                                                                                                  | Performance (%) |
|-----------------------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|                                                           | 35   | Quality of Research Output and consultancy skills improved by June 2021.                                                    | To enhance the capacity of our staff the directorate conducted four training programs. Two focused on consultancy while the other two focused on short course and research grants.                                                                                                            | 100             |
|                                                           | 36   | Ten (10) workshops conducted with potential clients and IFM alumni to introduce our new intervention programs by June 2021. | Logistical arrangement of the first workshop has been completed and invitation process of the alumni is underway. The workshop will run in the coming quarter. We have also developed a website link for the alumni to register in order to identify the required needs.                      | 10              |
|                                                           | 37   | Staff competence in Short Course Development seminars/training enhanced by June 2021 (2 short courses).                     | 2 staff seminars conducted during this year.                                                                                                                                                                                                                                                  | 100             |
| Human Resource capacity and physical facilities improved. | 38   | Coordination of the implementation of phase 3 of Simiyu Construction Project ready by June 2021.                            | The construction of additional staff houses and student hostels by VETA-Singida is progressing well.                                                                                                                                                                                          | 90              |
|                                                           | 39   | Coordination of the implementation of Geita Project by June 2021                                                            | First phase of construction is in progress. This includes construction of Administration Block, Class rooms, Multipurpose Hall and Cafeteria. Construction of administration block has reached the roofing stage. Construction of other blocks has started; they are at the foundation stage. | 45              |
|                                                           | 40   | Staff offices equipped with essential working facilities by June 2021.                                                      | Procured tables and chairs in Simiyu.                                                                                                                                                                                                                                                         | 60              |
|                                                           | 41   | Facilitated the Repair and Maintenance of IFM Buildings by June 2021.                                                       | Classrooms, offices, hostels and staff houses were repaired and maintained                                                                                                                                                                                                                    | 90              |

| Strategic Objectives | S/No | Targets                                                                               | Achievements                                                                                                                                                                                                                                              | Performance (%) |
|----------------------|------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|                      | 42   | Repaired and maintained vehicles, generator and other facilities by June 2021.        | Motor vehicles, generator, photocopier and other facilities routine services were carried out and repairs were effected.                                                                                                                                  | 70              |
|                      | 43   | Three (3) staff trained at Bachelor degree level by June 2021.                        | 3 staff members continued with studies.                                                                                                                                                                                                                   | 100             |
|                      | 44   | Six (6) staff trained at Master degree level by June 2021.                            | 4 staff members were on going and 3 new have started.                                                                                                                                                                                                     | 116             |
|                      | 45   | 20 Staff trained for PhD programmes by June 2021.                                     | 25 staff were doing PhD. Most of these were writing their theses.                                                                                                                                                                                         | 125             |
|                      | 46   | Twenty staff attended professional and Customer Care training by June 2021.           | Twenty staff attended professional and Customer Care training.                                                                                                                                                                                            | 100             |
|                      | 47   | 30 staff attended short courses by June 2021.                                         | 40 Staff attended short courses                                                                                                                                                                                                                           | 133             |
|                      | 48   | Facilitate Staff competence on Policy and Planning as well as Budgeting by June 2021. | Two (2) staff seminars/training workshops were facilitated.                                                                                                                                                                                               | 90              |
|                      | 49   | 4 Workers Council meetings held by June 2021.                                         | Four workers council committee meetings conducted.                                                                                                                                                                                                        | 100             |
|                      | 50   | Workers' Annual General Meeting held by June 2021.                                    | One staff assembly meeting was conducted.                                                                                                                                                                                                                 | 100             |
|                      | 51   | Four Policies developed and reviewed by June 2021                                     | The following policy instruments have been reviewed; Risk Management and Business Continuity Plan, Teaching and Assessment Guideline, Regulation and Guidelines for Research and Publication and Accounting Manual. Six other guidelines are in progress. | 100             |

| Strategic Objectives                                    | S/No | Targets                                                                                | Achievements                                                                                                                                                                              | Performance (%) |
|---------------------------------------------------------|------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|                                                         | 52   | Five years Strategic Plan for 2021/22 - 2025/26 developed by June, 2021.               | A New Five Years Strategic Plan for 2021/22 - 2025/26 has been prepared, presented to both internal and external stakeholders and was approved by the Governing Council in November 2020. | 100             |
| Financial sustainability enhanced                       | 53   | Budget and annual work plan prepared, processed and at least 95% implemented annually. | Preparation of the Annual Work-plans and Budget for 2021/22 has been completed successfully in line with the Institute's Strategic Plan 2021/22 - 2025/26.                                | 100             |
|                                                         | 54   | Quarterly audit reports prepared annually by June 2021.                                | Audit reports were prepared and successfully presented to the Audit Committee                                                                                                             | 100             |
| Health services improved and HIV/AIDS infection reduced | 55   | SHIMIVUTA event participation by December 2020.                                        | Students participated in SHIMIVUTA.                                                                                                                                                       | 100             |
|                                                         | 56   | One hundred (100) Employees attended Sensitization Training on HIV/AIDS by June 2021.  | One hundred (100) Employees attended Sensitization Training on HIV/AIDS.                                                                                                                  | 100             |
| Overall Performance (%)                                 |      |                                                                                        |                                                                                                                                                                                           | 97.8            |

## 1.9 THE INSTITUTE'S GOVERNING COUNCIL

### 1.9.1 Members of the Governing Council

The Governing Council comprises of ten (10) members including the Chairperson. The Chairperson of the Governing Council is appointed by the President of United Republic of Tanzania for a term of three years renewable in accordance with section 2(a) of IFM Act No. 3 of 1972. Other members of the Governing Council are appointed by the Minister responsible for Finance and Planning.

During the financial year ended 30 June 2021, the Governing Council was made up of 10 Councilors with a mix of skills, experience and diversity as shown in Table 2.

Table 2: Composition of Members of the Governing Council

| S/NO | Name                            | Position      | Nationality | Age (Yrs.) | Date Of Appointment | Experience                                                 | Qualifications                                                                                             |
|------|---------------------------------|---------------|-------------|------------|---------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 1.   | Dr. Benson A. Bana <sup>1</sup> | Chairman      | Tanzanian   | 60         | 16.06.2019          | i. Senior Lecturer at UDSM.<br>ii. Diplomat                | PhD (Human Resource Management), MA (Political Science & Admn.), BA (Political Science and Administration) |
| 2.   | Prof. Emmanuel A. Mjema         | Vice Chairman | Tanzanian   | 61         | 18.04.2019          | i. Rector CBE for 7 yrs<br>ii. Professor for 16 yrs in ICT | PhD (Computer Simulation), M.Sc. (Engineering Management), B.Sc. (Mechanical Engineering)                  |
| 3.   | Prof. Eleuther A. Mwageni       | Member        | Tanzanian   | 62         | 18.04.2019          | i. Executive Secretary, Tanzania Commission                | Ph.D. (Applied Population Research), MA Demography,                                                        |

<sup>1</sup>The Chairman of the Governing Council was appointed to the position of Ambassador by the then H.E. Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania on 20 September 2019; nonetheless the chairmanship was not removed from him.

| S/NO | Name                   | Position | Nationality | Age (Yrs.) | Date Of Appointment | Experience                                                                                                                           | Qualifications                                                                                              |
|------|------------------------|----------|-------------|------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|      |                        |          |             |            |                     | for Universities for 2 yrs<br>ii. Deputy Vice-Chancellor (Planning, Finance & Administration) for 9 yrs<br>iii. Professor for 15 yrs | BA (Education)                                                                                              |
| 4.   | Mr. William E. Erio    | Member   | Tanzanian   | 57         | 18.04.2019          | i. Director General NSSF for 3 yrs<br>ii. Director General PPF for 12 yrs                                                            | Master of Laws in International Law, Bachelor of Laws                                                       |
| 5.   | Ms. Mwanaidi A. Mtanda | Member   | Tanzanian   | 65         | 18.04.2019          | i. Accountant General Tanzania for 8 yrs<br>ii. Deputy Director Management Accounting for 4 yrs                                      | CPA, Master of Business Administration, B. Com (Accounting)                                                 |
| 6.   | Ms. Anne C. Mbughuni   | Member   | Tanzanian   | 62         | 18.04.2019          | i. Director of Corporate Affairs for 2 yrs<br>ii. Director of Finance and Administration for 13 yrs                                  | CPA, Master of Social Science (Accounting & Development Finance), Advanced Diploma in Certified Accountancy |
| 7.   | Dr. Onesmo B. Selejio  | Member   | Tanzanian   | 49         | 18.04.2019          | University Lecturer for 16 yrs                                                                                                       | PhD in Economics, M.Sc.                                                                                     |

| S/NO | Name                   | Position | Nationality | Age (Yrs.) | Date Of Appointment | Experience                                                                                                                                      | Qualifications                                                                                        |
|------|------------------------|----------|-------------|------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|      |                        |          |             |            |                     |                                                                                                                                                 | (Agricultural Economics), B.Sc. (Animal Science and Production)                                       |
| 8.   | Ms. Margaret S. Mngumi | Member   | Tanzanian   | 51         | 18.04.2019          | i. Ag. Registrar of Complaints for 2 yrs<br>ii. Manager Legal Counsel for 5 yrs                                                                 | Masters in Law - Mediation and Arbitration, Masters in Law - Women's Law, Bachelor of Laws, Advocate. |
| 9.   | Mr. Martin J. Mmari    | Member   | Tanzanian   | 58         | 18.04.2019          | i. PPF- Director of Finance for 16 yrs<br>ii. Bank of Tanzania- Bank Examiner for 9 yrs<br>iii. Board Members to various Inst.                  | CPA, MBA (International Banking and Finance), B.Com (Accounting)                                      |
| 10.  | Ms. Severa S. Kazaura  | Member   | Tanzanian   | 47         | 18.04.2019          | i. Assistant Administrative Secretary- Administration and Human Resources Management and Development for 2 yrs<br>ii. Assistant Director- Human | Master of Public Sector Management, BA (Sociology)                                                    |

| S/NO | Name | Position | Nationality | Age (Yrs.) | Date Of Appointment | Experience                                     | Qualifications |
|------|------|----------|-------------|------------|---------------------|------------------------------------------------|----------------|
|      |      |          |             |            |                     | Resources Management and Development for 7 yrs |                |

### 1.9.2 Committees of the Governing Council

The Governing Council has three Committees as follows:

- (i) The Audit Committee (AC) which is responsible for oversight of the financial reporting process, the audit process, the Institute's system of internal controls and compliance with laws and regulations.
- (ii) The Finance and Development Planning Committee (FDPC) which is responsible for all matters relating to the Institute's finances, policy and planning.
- (iii) The Staff and Student Affairs Committee (SSAC) which is responsible for all staff and student matters. The Committee handles all appointments and promotion of staff of the Institute. It is also responsible for all disciplinary matters of the staff members and students.

Members of the Committees of the Governing Council were as shown in Table 3.

**Table 3: Members of Committees of the Governing Council**

| S/NO | Name                       | Audit Committee | Finance and Development Planning Committee | Staff and Student Affairs Committee |
|------|----------------------------|-----------------|--------------------------------------------|-------------------------------------|
| 1.   | Prof. Emmanuel A. Mjema    |                 |                                            | Chairman                            |
| 2.   | Prof. Eleuther A. Mwangeni |                 | Chairman                                   | Member                              |
| 3.   | Mr. William E. Erio        |                 | Member                                     |                                     |
| 4.   | Ms. Mwanaidi A. Mtanda     | Chairperson     |                                            |                                     |
| 5.   | Ms. Anne C. Mbughuni       | Member          |                                            |                                     |
| 6.   | Dr. Onesmo B. Selejio      |                 | Member                                     | Member                              |
| 7.   | Ms. Margaret S. Mngumi     |                 |                                            | Member                              |
| 8.   | Ms. Severa S. Kazaura      | Member          |                                            |                                     |
| 9.   | Mr. Martin J. Mmari        |                 | Member                                     |                                     |

### 1.9.3 Meetings of the Governing Council and Committees

During the year ended 30 June 2021 the Governing Council held eight (8) meetings, of which four (4) were ordinary and four (4) were extra-ordinary.

In addition, there were various Meetings of the Governing Council Committees as shown in Table 4.

**Table 4: Meetings of the Committees**

| No | Name of Committee                                 | Ordinary Meetings | Extraordinary Meeting | Total Meetings |
|----|---------------------------------------------------|-------------------|-----------------------|----------------|
| 1. | Audit Committee (AC)                              | 4                 | 2                     | 6              |
| 2. | Finance and Development Planning Committee (FDPC) | 4                 | 1                     | 5              |
| 3. | Staff and Student Affairs Committee (SSAC)        | 4                 | 0                     | 4              |

With exception of Chairman of the Governing Council, other members of the Governing Council were able to devote their time required for the committee's meetings.

Table 5 indicate the number of meetings held and attended by members of the Governing Council and its committees from 1 July 2020 to 30 June 2021.

**Table 5: Numbers of Meetings held and attended by members of the Governing Council**

| S/No                    | Name                                 | Governing Council | Audit Committee | Finance and Development Planning Committee | Staff and Student Affairs Committee |
|-------------------------|--------------------------------------|-------------------|-----------------|--------------------------------------------|-------------------------------------|
| Number of Meetings Held |                                      | 6                 | 6               | 5                                          | 4                                   |
| 1.                      | Dr. Benson Bana <sup>2</sup>         | N/A               | N/A             | N/A                                        | N/A                                 |
| 2.                      | Prof. Emmanuel A. Mjema <sup>3</sup> | 6                 | N/A             | N/A                                        | N/A                                 |
| 3.                      | Prof. Eleuther A. Mwageni            | 6                 | N/A             | 5                                          | 4                                   |
| 4.                      | Mr. William E. Erio                  | 4                 | N/A             | 1                                          | N/A                                 |
| 5.                      | Ms. Mwanadi A. Mtanda                | 5                 | 6               | N/A                                        | N/A                                 |
| 6.                      | Ms. Anne C. Mbughuni                 | 6                 | 6               | N/A                                        | N/A                                 |
| 7.                      | Dr. Onesmo B. Selejio                | 6                 | N/A             | 5                                          | 3                                   |

<sup>2</sup>The Chairman of the Governing Council was appointed to the position of Ambassador by the then H.E. Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania on 20 September 2019; nonetheless the chairmanship was not removed from him.

| S/No | Name                   | Governing Council | Audit Committee | Finance and Development Planning Committee | Staff and Student Affairs Committee |
|------|------------------------|-------------------|-----------------|--------------------------------------------|-------------------------------------|
| 8.   | Ms. Margaret S. Mngumi | 6                 | N/A             | N/A                                        | 3                                   |
| 9.   | Ms. Severa S. Kazaura  | 6                 | 4               | N/A                                        | N/A                                 |
| 10.  | Mr. Martin J. Mmari    | 6                 | N/A             | 5                                          | N/A                                 |

The Governing council and its Committees met after every three months with additional meetings convened when it was necessary.

During the financial year ended 30 June 2021, the Governing Council met to discuss and decided on various business and special activities undertaken by the Institute. The Governing Council directs key business decisions to the Management of the Institute for implementation.

#### 1.9.4 Responsibilities of Governing Council and Its Committees

##### a) Governing Council Meetings Responsibilities

During the year the Governing Council performed its responsibilities in accordance with the Institute Act Cap.91 R.E. 2002. A summary of matters dealt with during the Governing Council six meetings is summarized in Table 6.

Table 6: Key Issues Deliberated on by the Governing Council in 2020/21

| S/No | DATE           | ORDINARY         | EXTRA<br>ORDINARY | KEY ISSUE DELIBERATED ON                                                                                                                                                                                                                                                                                                                                                                                                  |
|------|----------------|------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.   | 5 October 2020 | 23 <sup>rd</sup> |                   | <ul style="list-style-type: none"> <li>Approval of Recategorization of five staff member who attained the required skills and levels of education to fit on new posts.</li> <li>Approval of confirmation of ten staff members who completed their probation period.</li> <li>Approval of Promotions of two staff members.</li> <li>Physical Expansion Report for development of campuses at Geita, and Simiyu.</li> </ul> |

| S/No | DATE             | ORDINARY          | EXTRA<br>ORDINARY                                                                  | KEY ISSUE DELIBERATED ON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------|------------------|-------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                  |                   |                                                                                    | <ul style="list-style-type: none"> <li>• Annual Budgetary Performance Report.</li> <li>• Annual Performance Report for the Directorate of Finance, Directorate of Policy and Planning and the Procurement Management Unit.</li> <li>• Annual Monitoring and Evaluation Performance Report for the period ended 30 June 2020.</li> </ul>                                                                                                                                                                                                                                                                                                                                             |
| 2.   | 23 November 2020 |                   | 1 <sup>st</sup>                                                                    | <ul style="list-style-type: none"> <li>• The Institute's Strategic Plan for the Period 2021/22 - 2025/26.</li> <li>• The Institute's Annual Work Plan for the 2021/22 and Forward Budget for the Period 2021/22-2023/24.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 3.   | 1 December 2020  | 224 <sup>th</sup> |  | <ul style="list-style-type: none"> <li>• Quarterly Performance Reports for the Directorate of Human Resource and Administration and Directorate of Students Services for the period ended 30 September 2021.</li> <li>• Physical Expansion Report as from 1 July to 30 September 2020.</li> <li>• Quarterly Budgetary Performance Report as from 1 July, 2020 to 30 September 2020.</li> <li>• Quarterly Performance Report for the Directorate of Finance, Directorate of policy and Planning and the Procurement Management Unit for the period ended 30 September 2020.</li> <li>• Report of Audit Committee.</li> <li>• Report of the Academic Boards and Committees</li> </ul> |

| S/No | DATE          | ORDINARY          | EXTRA<br>ORDINARY | KEY ISSUE DELIBERATED ON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------|---------------|-------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.   | 24 March 2021 | 225 <sup>th</sup> |                   | <ul style="list-style-type: none"> <li>Quarterly Performance Reports for the Directorate of Human Resource and Administration and Directorate of Students Services.</li> <li>Approved confirmation of one staff member.</li> <li>Approved promotions of three staff members from Assistant Lecturers to Lecturers.</li> <li>Approved Recategorization of two staff members.</li> <li>Approved appointment of one staff member for two years contract after attaining 60 years compulsory retirement.</li> <li>Quarterly Performance Report for the Directorate of Finance, Directorate of Policy and Planning and the Procurement Management Unit.</li> <li>Approved the Revised Budget for the Financial Year 2020/21.</li> <li>Approved list of assets for disposal for onward transmission to the permanent Secretary, Ministry of Finance and Planning for approval.</li> <li>Quarterly Monitoring and Evaluation Performance Report for the period ended 31 December 2020.</li> </ul> |
| 5.   | 24 June 2021  | 226 <sup>th</sup> |                   | <ul style="list-style-type: none"> <li>Quarterly Performance Reports for the Directorate of Human Resource and Administration and Directorate of</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| S/No | DATE | ORDINARY | EXTRA<br>ORDINARY | KEY ISSUE DELIBERATED ON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------|------|----------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |      |          |                   | <p>Students Services for the period ended 31 March 2021.</p> <ul style="list-style-type: none"> <li>Quarterly Performance Report for the Directorate of Finance, Directorate of policy and Planning and the Procurement Management Unit for the period ended 31 March 2021.</li> <li>Nine months Budgetary Performance Report as from 1 July 2020 to 31 March 2021.</li> <li>Physical Expansion Report as from 1 January to 31 March 2021.</li> <li>Quarterly Monitoring and Evaluation Performance Report for the Period ended 31 March 2021.</li> <li>Report of the Academic Boards and Committees.</li> </ul> |

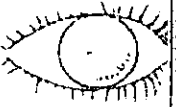
Source: Minutes of the Governing Council meetings for the financial year 2020/21.

#### b) Finance Development and Planning Committee Meetings

The Finance and Development Planning Committee met five times during the year and performed its duties as summarized in Table 7.

**Table 7: Key Issues Deliberated on by the Finance and Development Planning Committee in 2020/21**

| S/No. | DATE           | ORDINARY         | EXTRA<br>ORDINARY | KEY ISSUES DELIBERATED ON                                                                                                                                                                                                                |
|-------|----------------|------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | 27 August 2020 | 38 <sup>th</sup> |                   | <ul style="list-style-type: none"> <li>Physical Expansion Report.</li> <li>Annual Budgetary Financial Performance Report for the year ended 30 June 2020.</li> <li>Annual Performance Report of the Directorate of Policy and</li> </ul> |

| S/No. | DATE               | ORDINARY         | EXTRA<br>ORDINARY                                                                  | KEY ISSUES DELIBERATED ON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------|--------------------|------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       |                    |                  |                                                                                    | Planning, Directorate of Finance, and Procurement Management Unit for the year ended 30 June 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2.    | 9November2020      |                  | 1 <sup>st</sup>                                                                    | <ul style="list-style-type: none"> <li>The Institute's Strategic Plan for the period 2021/22 - 2025/26.</li> <li>The Institute's Annual Work Plan and Forward Budget for the year 2021/22 - 2025/26.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    |
| 3.    | 10<br>November2020 | 39 <sup>th</sup> |  | <ul style="list-style-type: none"> <li>The Institute's Organization Structure and filling up vacant positions.</li> <li>Physical Expansion Report.</li> <li>Quarterly Budgetary Performance Report for the period ended 30September 2020.</li> <li>Quarterly Performance Report of the Directorate of Policy and Planning, Directorate of Finance, and Procurement Management Unit for the period ended 30 September 2020.</li> </ul>                                                                                                                                              |
| 4.    | 1 March 2021       | 40 <sup>th</sup> |                                                                                    | <ul style="list-style-type: none"> <li>The Institute's Organization Structure and filling up vacant positions</li> <li>Physical Expansion Report.</li> <li>Six Months Budgetary Performance Report for the Period ended 31 December 2020.</li> <li>'Proposed Revised Budget for the Financial Year 2020/21.</li> <li>Request for Disposal of Institute's Motor Vehicle and other items.</li> <li>Quarterly Performance Report of the Directorate of Policy and Planning, Directorate of Finance, and Procurement Management Unit for the period ended 30 December 2020.</li> </ul> |
| 5.    | 7 June2021         | 41 <sup>st</sup> |                                                                                    | <ul style="list-style-type: none"> <li>Physical Expansion Report.</li> <li>Nine Months Budgetary</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

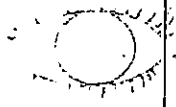
| S/No. | DATE | ORDINARY | EXTRA<br>ORDINARY | KEY ISSUES DELIBERATED ON                                                                                                                                                                                                       |
|-------|------|----------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       |      |          |                   | Performance Report for the period ended 31 March 2021.<br>• Quarterly Performance Report of the Directorate of Policy and Planning, Directorate of Finance, and Procurement Management Unit for the period ended 31 March 2021. |

Source: Minutes of the Finance and Development Planning Committee meetings for the financial year 2020/21.

### c) Audit Committee Meetings

The Audit Committee met six times during the year and performed its duties as elaborated in Table 8.

Table 8: Key Issues Deliberated on by the Audit Committee in 2020/21

| S/No. | DATE              | ORDINARY         | EXTRA<br>ORDINARY                                                                  | KEY ISSUE DELIBERATED ON                                                                                                                                                                                     |
|-------|-------------------|------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | 17 August 2020    | 45 <sup>th</sup> |  | • Report on implementation of special audit recommendations to the Treasury Registrar.<br>• Internal Audit Report for the year ended 30 June 2020.                                                           |
| 2.    | 16 September 2020 |                  | 1 <sup>st</sup>                                                                    | • Draft Financial Statements for the year ended 30 June 2020.                                                                                                                                                |
| 3.    | 24 November 2020  | 46 <sup>th</sup> |                                                                                    | • Internal Audit Report for the Quarter ended 30 September 2020.<br>• Internal Audit Budget for the financial year 2021/22.<br>• Internal Audit Assurance strategy and Plans for the financial year 2021/22. |
| 4.    | 31 December 2020  |                  | 2 <sup>nd</sup>                                                                    | • Draft External Audit Report (Management Letter) for the year ended 30 June 2020.                                                                                                                           |
| 5.    | 18 February 2021  | 47 <sup>th</sup> |                                                                                    | • Internal Audit Report for the Quarter ended 31 December 2020.<br>• Revised Internal Audit Assurance strategy and Plans for the Financial Year 2020/21.                                                     |
| 6.    | 26 May 2021       | 48 <sup>th</sup> |                                                                                    | Internal Audit Report for the Quarter ended 31 March 2021.                                                                                                                                                   |

**d) Staff and Students Affairs Committee Meetings**

During the year ended 30 June 2021, the Staff and Students Affairs Committee met four times and performed activities as summarized in Table 9:

**Table 9: Key Issues Deliberated on by the Staff & Students Affairs Committee in 2020/21**

| S/No. | DATE             | ORDINARY         | EXTRA<br>ORDINARY | KEY ISSUES DELIBERATED ON                                                                                                                                                                                                                                                                                    |
|-------|------------------|------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | 27 August 2020   | 19 <sup>th</sup> |                   | <ul style="list-style-type: none"> <li>Annual Performance Report of Directorate of Human Resource and Administration and Directorate of Student Services for the year ended 30 June 2020</li> <li>Approval of Recategorization of five staff members.</li> <li>confirmation of ten staff members:</li> </ul> |
| 2.    | 10 November 2020 | 20 <sup>th</sup> |                   | <ul style="list-style-type: none"> <li>Promotions of five staff members.</li> <li>Confirmation of nine staff members.</li> <li>Quarterly Performance Reports of Directorate of Human Resources and Administration and Directorate of Students Services for the Quarter ended 30 September 2020.</li> </ul>   |
| 3.    | 1 March 2021     | 21 <sup>st</sup> |                   | Quarterly Performance Reports for the Quarter ended 31 December 2020 for the: <ul style="list-style-type: none"> <li>Directorate of Human Resources and Administration and</li> <li>Directorate of Students Services</li> </ul>                                                                              |
| 4.    | 7 June 2021      | 22 <sup>nd</sup> |                   | Quarterly Performance Reports for the Quarter ended 31 March 2021 for the: <ul style="list-style-type: none"> <li>Directorate of Human Resources and Administration and</li> <li>Directorate of Students Services</li> </ul> Promotions of 27 staff members.<br>Re-categorization of one staff member.       |

Source: Minutes of the Staff and Students Affairs Committee Meetings for the Financial Year 2020/21.

**1.10 CESSATION OF MEMBERSHIP**

Membership to the Governing Council ceases after completion of his/her term of three years or following death or resignation as stipulated in section 4 of IFM Act No.3 Cap 91 R.E.2002

### 1.11 FIDUCIARY RESPONSIBILITY

All Non-executive Directors/Members are considered by Governing Council to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

### 1.12 EQUITY STRUCTURE

The Institute Equity structure for the year under review is shown in Statement of Financial Position. The source of funding has been through Government, development partners, and internally generated funds. Table: 10 Summarized Equity Structure of the Institute.

**Table 10: Equity Structure**

| Capital and Reserves          | 30 JUNE 2021<br>(TZS 000) | 30 JUNE 2020<br>(TZS 000) |
|-------------------------------|---------------------------|---------------------------|
| Capital Fund                  | 3,439,082                 | 3,439,082                 |
| Accumulated Surplus/(Deficit) | 72,158,992                | 65,206,122                |
| Total Equity                  | 75,598,074                | 68,645,204                |

### 1.13 RELATIONSHIP WITH STAKEHOLDERS

The Institute recognizes the importance of addressing the needs of its key stakeholders in order to add value, satisfy their needs and expectations to fulfill its mission. The key stakeholders include development partners, general public, students and staff. The Institute is committed to delivering value of its stakeholders through better services and good customer care while maintaining good relationship in its engagement.

### 1.14 CASH FLOW PROJECTION

The Institute prepares its budgets in accordance with the Medium-Term Expenditure Framework (MTEF) which also includes preparation of cash flows for managing of the inflows and outflows in quarterly basis. The cash flow projection includes estimates of inflows and outflows from exchange and non-exchange transactions generated from operating, investing and financing activities.

The cash flow from operations decreased from TZS 6,590.3 million in 2019/20 to TZS 6,191.7 million during 2020/21. The decline was attributed to increase in operating expenses. The drivers for the strong cash flow were from the growth on Other Revenue and students' fees.

### 1.15 MANAGEMENT

In accordance with Section 10(1) of the IFM Act, 1972, the Institute of Finance Management is led by the Rector who is assisted by two deputies, one responsible for

Academic, Research and Consultancy and the other for Planning, Finance and Administration. The Institute has nine (9) directorates, four (4) faculties and four (4) units. The directorates include Human Resources and Administration, Planning and Policy, Computer Services, Library, Finance, Registrar, Internal Audit, Undergraduate, Postgraduate Research and Consultancy. The faculties are Accounting, Banking and Finance, Computing, Information System and Mathematics, Insurance and Social Protection, and Economics and Management Science. The units covers Procurement Management, Legal, Public Relations, and Quality Assurance and Risk Management.

#### **1.16 COUNCIL REMUNERATIONS**

The Council expenses which also include statutory payment to key management personnel during the year are as disclosed under **Note 28** of the Financial Statements.

#### **1.17 TRAINING (TEACHING)**

Training was undertaken in the areas of Insurance, Banking and Financial Management, Accountancy, Taxation and Economics, Computer Science and Information Technology. During the reporting period, the Institute conducted thirty-five (35) programmes at the level of Certificate, Ordinary Diploma and Bachelor degrees in the areas of Banking, Insurance and Social Protection, Accounting, Tax Management, Economics, Computer Science and Information Technology.

The Institute also conducted various programmes at the level of Postgraduate diploma in areas of Tax Management, Human Resource management, Accountancy, Financial Management, Business Administration, Insurance and Actuarial Science. The Institute also conducted a Master of Science degree in Information Technology and Management in collaboration with the Avinashilingam University of India.

#### **1.18 INSTITUTIONAL CAPACITY BUILDING**

##### **a) Infrastructural Development**

During the year under review, the Institute completed the construction, rehabilitation and repairs and maintenance as follows;

##### **i) Completed :**

- Construction of administration, classrooms and library at Simiyu campus.
- Construction of four hostels and four residential houses at Simiyu campus.
- Repairs and maintenance of classrooms facilities at main campus done using the internally generated funds.

ii) Work in Progress covers construction of:

- Two hostel block and four residential houses at Simiyu campus (completed by 75%).
- Fence at Simiyu campus (completed by 85%).
- Cafeteria at Simiyu campus (completed by 80%).
- Internal road network at Simiyu campus (completed by 90%).
- Cafeteria, classrooms and administration blocks at Geita Campus (Completed by 30%).

b) Staff development

During the year under review, 36 members of staff were undergoing training as compared to 36 in the year 2019/20 as analyzed in Table 11.

Table 11: Number of Staff on training for the year 2020/21

| Training Level  | Administrative staff |         | Academic staff |         |
|-----------------|----------------------|---------|----------------|---------|
|                 | 2020/21              | 2019/20 | 2020/21        | 2019/20 |
| PhD             | 01                   | 01      | 25             | 23      |
| Master's Degree | 07                   | 08      | -              | 01      |
| Degree          | 03                   | 03      | -              | -       |
| Total           | 11                   | 12      | 25             | 24      |

Source: Training Report

1.19 OTHER CORE ACTIVITIES

The Institute continued to conduct research, consultancy and short courses during the period.

1.20 KEY PERFORMANCE INDICATORS

i) Teaching

More than 75% of the teaching is undertaken by the permanent staff of the Institute and the remaining (25%) is carried out by the part-time lecturers. The target of the Institute is to have 90% of the teaching done by the permanent teaching staff.

ii) Performance of Final Year Students

During the academic year of 2020/21, a total of 4,526 students sat for their final examinations for the second semester as shown in Table 12 and 3,376 (74.6%) of the students passed the examinations. Compare to 2019/20 performance decline by 14.9%.

**Table 12: Performance of Final Year Students**

| Main Courses         | 2020/21                  |                        | 2019/20                  |                        |
|----------------------|--------------------------|------------------------|--------------------------|------------------------|
|                      | No. of students enrolled | No. of students passed | No. of students enrolled | No. of students passed |
| Certificate          | 1,316                    | 648                    | 1,318                    | 771                    |
| Basic Technician     | NIL*                     | 1                      | NIL*                     | 4                      |
| Ordinary Diploma     | 530                      | 356                    | 898                      | 676                    |
| Higher Diploma       | NIL**                    | 6                      | NIL**                    | 17                     |
| Bachelor Degree      | 2,646                    | 2350                   | 2,399                    | 2297                   |
| Postgraduate Diploma | 16                       | 5                      | 32                       | 38                     |
| Masters program      | 18                       | 10                     | NIL***                   | 163                    |
| <b>Total</b>         | <b>4,526</b>             | <b>3,376</b>           | <b>4,647</b>             | <b>3,966</b>           |

*Source: Reports of the Academic Development Committee for 2019/20 and 2020/21.*

### Key

\* Basic Technician Certificates students who enrolled for Ordinary Diploma were given certificate of completion after passing one year of study and could not proceed for the 2<sup>nd</sup> year of Diploma Programs.

\*\* Students who enrolled for Bachelor's Degrees but could not proceed to the final year were awarded Higher Diploma after successful completion of the 2<sup>nd</sup> year of studies

\*\*\* Students passed include those enrolled in 2018/19 and 2017/18 academic years and graduated in 2019/20 financial year.

## 1.21 CURRENT AND FUTURE DEVELOPMENT PLANS

The Institute continues with its expansion programmes through development of Campuses in Geita and Mwanza with the aim of increasing enrolment of students. In the coming financial year, the Institute plans to initiate construction of hostel facilities for the Mwanza Campus, which is expected to enroll more than 1,000 students in the academic year 2021/22. The construction of Simiyu and Geita Campuses are expected to be completed during the financial year 2021/22. The Simiyu Campus has enrolled 108 students and the number is expected to increase to 300 in the academic year 2021/22. The first batch of students at the Geita Campus is expected to be enrolled in November 2022.

## 1.22 RESULTS AND DIVIDENDS

The Institute of Finance Management is a public institution that is not for profit and for that reason there is no declaration of dividends. According to the Institute's Strategic Plan, the surplus of TZS 6,936.6 million (2019/20 TZS 5,171.8 million) shall

be used for financing future activities of the Institute. This include development fund of TZS 1,496.0 million from the URT Government.

### **1.23 FINANCIAL PERFORMANCE FOR THE YEAR**

#### **a) Financial Results**

The performance of the Institute is measured basing on the achievements it makes in implementing its core functions as stipulated under Section 4 of the IFM Act No. 3 of 1972. However, the Institute needs to generate adequate resources in order to support its operations.

During the financial year 2020/21, total revenue for the Institute was TZS 35,279.9 million (2019/20: TZS 30,044.7 million) hence recording an increase of TZS 5,234.2million representing an increase of 17.4 %. The noted increase was mainly attributed to income from exchange transactions (tuition fees) and b. Government subvention

Total expenses aggregated to TZS 28,343.3 million (2019/20: TZS 24,872.9 million). The increase in expenses of TZS 3,470.4 million, representing 13.9% percent, was mainly on account of salaries, transport and employees related benefits. As a result, the Institute recorded a surplus TZS 6,936.6 million (2019/20: TZS 5,171.8 million).

Capital Expenditure incurred amounted to TZS 6,284.4 million (2019/20: 6,511.7 million), being costs for acquisition of various non-current assets and work in progress in respect of construction of new campuses.

#### **b) Financial Position**

The Institute total assets increased by TZS 6,765.1 million to TZS 79,227.2million (2019/20: TZS 72,462.1 million). The increase was mainly on account of acquisition of property and equipment, capital work in progress and cash and cash equivalents. Likewise total capital, reserve and liabilities increased by TZS 6,765.1million (2019/20: TZS. 72,462.1 million). The noted increase was mainly attributed to additional surplus for the year amounting to TZS 6,936.6 million.

### **1.24 OWNERSHIP**

Institute of Finance Management is wholly owned by the Government of the United Republic of Tanzania.

### **1.25 FINANCIAL REPORTING AND AUDITING**

The Council accepts final responsibility for the preparation of the annual report and financial statements. The financial statements are as follows: -

- a) The Financial Position.
- b) The statement of Financial Performance.
- c) Statement of Changes in Net Assets.
- d) The Statement of Cash Flows; and
- e) Statement of comparison of Budget and Actual.
- f) The Report by those Charged with Governance

The responsibility for compiling the annual financial statements is vested with the management and the Institute complied with all applicable laws, regulations, Government Circulars and guidelines in preparation of annual financial reports. The external auditors of the Institute report on whether or not the annual financial statements are fairly presented. The Members of the Governing Council are satisfied that during the year under review the following issues were undertaken effectively: -

- a) Adequate accounting records were maintained.
- b) System of internal control and risk management, monitored by management, was maintained.
- c) Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- d) The financial statements were compiled in accordance with :
  - i. International Public Sector Accounting Standards;
  - ii. Tanzanian Public Finance Act No. 6 of 2001;
  - iii. TFRS No.1 issued by the NBAA
  - iv. Guidelines issued by the Accountant General through Circular No. 7 of 2020/21 on the preparation and presentation of financial reports and closure in respect of the year under review .

The Councilors are also satisfied that no material event has occurred between the financial year-end and the date of this report which affects the business or has not been reported.

#### **1.26 RELATED PARTY TRANSACTION**

The Governing Council is guided by the principles of pursuit of National Interest. The related party transactions refer only to council members' annual fees and the management emoluments as disclosed under **Note 28** of the Financial Statements.

## **1.27 EMPLOYEES WELFARE**

The Institute provides employees welfare in accordance with the Government's directives, staff regulations, and scheme of service and incentive package approved by the Governing Council.

### **a) Management - employees' relationship**

A healthy relationship continues to exist between management and employees. There were no unresolved complaints received by the management from the employees during the financial year 2020/21.

Employees were represented at various levels of decision making particularly through their leaders' participation in the Workers' Council as well as in the meetings of the Committees of the Governing Council.

The Institute is an equal opportunity employer. It gives equal access to employment opportunities and it ensures that the best available person is appointed to any given position, free from discrimination of any kind and without regarding factors like gender, marital status, tribe, religion or disability.

### **b) Training**

During 2020/21 financial year TZS 451.2 million (2019/20 TZS 513.7 million) was used in training both academic staff and non-academic staff. Training of staff members is guided by the Training Policy of the Institute. Training efforts were focused on short-term and long-term training geared towards enhancing academic and professional competence.

### **c) Health and Safety**

Effective health, safety and risk management is a priority for the Institute. The Institute safety management system delivers a safe working environment by continuous and effectively assessing the working environment.

### **d) Financial Assistance to Staff**

The Institute continues to grant financial assistance such as salary advances and staff loans in accordance with the Financial Regulations. During the year under review the Institute made internal financial assistance to staff in the form of staff loans amounting to TZS 86.3 million (2019/20: TZS 66.5 million).

### **e) Persons with Disabilities**

The recruitment policy of the Institute does not discriminate against persons with physical disabilities. There are persons with disabilities among the members of staff as well as among students. Further, in case an employee becomes disabled in the course of employment the Institute ensures that his employment

continues. Furthermore, the Institute provides training, career development and promotion to disabled employees like other employees.

**f) Employees benefit plan**

The Institute operates an unfunded and budgeted based benefit scheme for its employees. The provision is made in the financial statement for the estimated cost of the future benefits under the scheme, but employees' contributions are not made to the scheme.

The Institute has a defined contributions plan to cater for pension obligations for her employees by paying on monthly basis agreed contributions to the Pension Funds. Employees working on contract basis are paid gratuity which is equal to 25% of the total emoluments during the contract period.

In order to ensure that employee's welfare is safeguarded, the Institute complies fully with workmen's compensation act which requires compensation to employees injured in course of their employment.

**g) Medical facilities**

The Institute provides medical services to its employees and their family members through National Health Insurance Fund medical scheme.

**h) Voluntary Agreement and Workers Council**

The Institute has a voluntary agreement with Researchers Academician and Allied Workers Union (RAAWU) which assists to enhance good industrial relations, employee's welfare and retaining of high skilled staff.

**1.28 GENDER BALANCE**

The Institute attempts to abide to the national gender balance policy and it has been very keen in considering gender balance in appointment at various levels based on ability, qualifications and integrity. Currently nine female members of staff are heading directorates or departments. The gender parity of staff members at the Institute was as shown in Table 13.

**Table 13: Proportion of IFM employees in consideration of Gender**

| Gender  | 2021   |            | 2020   |            |
|---------|--------|------------|--------|------------|
|         | Number | Percentage | Number | Percentage |
| Males   | 200    | 66         | 195    | 65         |
| Females | 101    | 34         | 105    | 35         |
| Total   | 301    | 100        | 300    | 100        |

*Source: Human Capital Management Information System*

## **1.29 SOLVENCY AND GOING CONCERN EVALUATION**

The Institute Council confirms that, in the course of preparing these financial statements, International Public Sector Accounting Standards (IPSAS) have been complied with. The Institute Council ensures that Institute of Finance Management has adequate funds to meet its main objectives which comprise of training, research, and consultancy activities.

During the year under review, the Institute's cash reserve was TZS 8,826.2 million. The Government of the United Republic of Tanzania will continue to provide grants to the Institute to meet Operational Expenses especially Personnel Emoluments and development activities. In view of this assessment, the Governing Council is of the opinion that the Institute has a sound financial position and will continue to operate for the unforeseeable future.

## **1.30 ENVIRONMENTAL CONSERVATION**

In order to conserve the environment, the Institute is keen to ensure that all kind of wastes generated are safely disposed off.

## **1.31 ANTI-CORRUPTION MOVES**

In conducting its activities, IFM maintains transparency and observes the principles of good governance. In this respect, the Institute has established an Ethics Committee that deals with mitigation of unethical issues including corruption.

## **1.32 CORPORATE GOVERNANCE**

### **Code of Corporate Practice and Conduct**

Institute of Finance Management is committed to the principles of effective Corporate Governance and the Governing Council is of the opinion that the Institute currently complies with principles of good Corporate Governance. In observing good governance, it has established and maintained Committees including the Audit Committee, Finance Development and Planning Committee, Staff and Students Affairs Committee.

### **a) Flexibility towards Change**

The current organizational structure is flexible and accommodates changes from internal as well as external environment. Moreover, the Institute periodically reviews its rules and regulations with a view of ensuring the best performance of its operations. The Institute adheres to the global standards and practices of good corporate governance. The Councilors continue to strengthen good governance system by reviewing various performance reports and approving policies and guidelines with the aim of enhancing good governance.

#### **b) Business ethics and organizational integrity**

The Institute's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its Rector, Deputy Rectors, Directors, Deans, managers, employees, customers, suppliers, competitors, investors and the public in general. The management and staff are expected to fulfill their ethical obligations in such a way that the business is run strictly according to laid out policies and procedures.

#### **c) Performance evaluation and reward**

The Institute ensures that Tanzanian Government Scale related salaries are paid and related trends are followed in terms of changes in benefits, while at the same time taking into account the intrinsic value of individual contributions. Details of the remuneration paid to key management staff are disclosed in **Note 28 (b)** to the financial statements.

### **1.33 CORPORATE SOCIAL RESPONSIBILITIES**

The Institute encourages employees to participate in partnerships and supportive relationships to make a tangible impact on local and national communities. We believe in creating a better world for our employees, their families and our neighbors. During the year under review the Institute engaged in various corporate social responsibility activities. These included financial support of TZS 15.3 million granted to Sapiwi Ward in Bariadi District SIMIYU to support local government activities, TZS 2.0 million was granted to IFMSO to support charity work activities, TZS 1.5 million was granted to Msata village Bagamoyo District and TZS 1.2 million was granted to Ilemela Municipal Council.

### **1.34 FIGHT AGAINST HIV AND AIDS**

The Institute recognizes the seriousness of the HIV and AIDS epidemic and its negative impacts on the capacity to realize the National Agenda on making Tanzania free from the epidemic. The Institute has adopted the National HIV and AIDS Policy and prepared its HIV and AIDS strategies, which aims at raising HIV and AIDS awareness to her employees and students. During the year under review it conducted two awareness seminars to the employees and the students.

## **1.35 INTERNAL CONTROL AND RISK MANAGEMENT**

### **a) Governing Council's Responsibility**

The Governing Council is ultimately responsible for risk management, determining the system of internal controls operated by the Institute and for monitoring and effectiveness of the control environment. It is the task of the management to ensure that adequate internal financial and operational control are developed, reviewed and maintained on an ongoing basis in order to provide reasonable assurance with regard to: -

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

The efficiency of internal control system is dependent on the strict observance of prescribed measures. Always, there is a risk of non-compliance of such measures by staff whilst no system can provide absolute assurance against misstatement or loss. The Institute control system is designed to manage rather than eliminate the risk of failure to achieve business objectives.

### **b) Key elements of the system of internal control**

The management receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanism. Key elements of the system of internal control are as follows: -

#### **i) Budgets**

Detailed annual budgets are prepared by Management and discussed by the Workers Council and later submitted to the Finance, Planning and Development Committee of the Governing Council for review and subsequently approved by the Governing Council. The budget briefings take place yearly and attended by Deans of Faculties, Heads of Academic and Administrative Departments and stakeholders including; trade union, academic and administrative staff associations to discuss key strategic issues within the Institute. These meetings are chaired by Rector who is the Accounting Officer of the Institute.

## ii) Competence

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training, both in-house and externally, helps to consolidate existing staff skills and competences.

## c) Risk Assessment

The Governing Council understands the specific sources of risk and analysis of their impact on the operations at the Institute. In the financial year 2020/21 the Governing Council used risk assessment frameworks to enable the analysis of cost-effective mitigation strategies. Among the types of risks that the Governing Council is aware of and their mitigation strategies are provided in Table 14.

**Table 14: Types of Risks and mitigation measures**

| S/No | Type of Risk                                   | Causes                                                                                                                                                                                                                              | Management Action                                                                                                                                                                                                                                                                                                                                                                   |
|------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.   | Strategic                                      | Arises from business environment - emergence of new strong competitor                                                                                                                                                               | Increase number of enrolments and Improving quality of graduates. Develop programmes which suit market and future demands                                                                                                                                                                                                                                                           |
| 2.   | Operational                                    | Monetary loss resulting from inadequate or failed internal processes, people, and systems or from external events.                                                                                                                  | Improve teaching and learning environment, increase quality of working tools, expand built infrastructure capacity, improve availability and reliability of utilities and services, Strengthen Quality Assurance unit, provide regular training to staff, increase the volume and quality of research, publications and innovations hence increase creativity and work performance. |
| 3.   | Information and Communication Technology (ICT) | Power outage (Lack/inadequate power back up system), Cyber-attack(s), Virus infection, System network infrastructure failure, Server's hardware and software failure, Hardware failure, Rapid technological changes and obsolesces. | Improve ICT and telecommunication infrastructure and services                                                                                                                                                                                                                                                                                                                       |
| 4.   | Compliance                                     | Adverse change in regulations guiding operation                                                                                                                                                                                     | Be optimistic and well informed about government legislations and decisions                                                                                                                                                                                                                                                                                                         |

| S/No | Type of Risk                         | Causes                                                                                                                                                                                                                                                                                                                              | Management Action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.   | Financial - currency and credit risk | Inadequate capacity building on skills to write fundable proposals, Inadequate external research funding proposals (e.g. write ups to attract funds for researches), Lack of detailed financial forecast, Inadequate follow-up on fee collection. No dedicated Financial Resources Mobilization Committee (IFRMC for the Institute) | Develop and communicate external research funding proposals (e.g. write ups to attract funds for researches), Train staff on the preparation fundable research proposals, Prepare detailed financial forecast, Ensure close follow-up and prompt fee collection, Conduct training enhance staff capacity to increase consultancy activities (as source of finance), Establish and operationalize Institute Financial Resources Mobilization Committee (IFRMC (to be chaired by DR-PFA with DPRC, DF, Deans). |

Source: Institute's Risk Register

#### d) Function of Internal Audit Unit

The Institute has a sound internal audit unit an internal auditor which independently and objectively evaluates the organization's operations. The unit reports functionally to the Council Audit Committee and administratively to the Rector. It assesses risk and reviews controls. The unit ensures that recommendations to improve controls are implemented by the Management.

#### e) Function of the Audit Committee

The Audit Committee's role in this area is confined to a high level review of the arrangement for internal control.

The Institute's Internal Auditors monitor the system of internal control, risk management control and governance processes in accordance with an agreed plan, and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and the Internal Auditors undertake prevailing follow up reviews to ensure that such recommendations have been implemented. The Audit Committee considers summarized reports together with recommendations for the improvement of the University systems of internal control and management's responses and implementation plans.

Whilst senior management members attend meeting of the Audit Committee as necessary, they are not members of the committee. The committee meets the internal and external auditors separately for independent discussion.

**f) Council's Opinion in Assessment of Regular Reports of the Audit Committee.**

The Council is of a view that there is an ongoing process for identifying, evaluating and managing the Institute's significant risks, and that it has been in place throughout the year ended 30 June 2021 up to the date of approval of the annual reports and financial statements and is of the opinion that met accepted criteria.

**1.36 COMPLIANCE WITH THE LAWS AND REGULATIONS**

In performing of the activities of the Institute as stipulated in the IFM Act No.3 of 1972, the Institute ensures that it comply with various laws and regulations having impact on the IFM operations.

**1.37 SERIOUS PREJUDICIAL MATTERS**

During the year ended 30 June 2021, there were no serious prejudicial matters to report as required by the Tanzania Financial Reporting Standards No. 1-Directors' Report.

**1.38 EVENTS AFTER REPORTING PERIOD**

There were no material events, adjusting or no adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

**1.39 ACCOUNTING POLICIES**

A summary of key accounting policies as per International Public Sector Accounting Standards (IPSAS's) is in Note 2 to the Financial Statements and were consistently applied during the year under review.

**1.40 IMPACT AND RESPONSES TO COVID-19 PANDEMIC**

There is no major impact of COVID -19 pandemic during the financial year ended 30 June 2021. Generally, the Institute responded positively to the Government's strategies of combating the Covid-19 pandemic through formulation of awareness team which was charged with the responsibility of ensuring that stakeholders wear face masks, wash their hands and use hand sanitizer whenever they are at the Institute.

**1.41 STATEMENT OF COMPLIANCE**

The Governing Council Report has been prepared in full compliance with requirements of the Tanzania Financial Reporting Standards No.1-Directors' Report.

#### 1.42 AUDITORS

The Controller and Auditor General is the statutory auditor of the Institute of Finance Management by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under Section 10 (1) of the Public Audit Act, Cap. 418. However, in accordance with Section 33 of the same Act, the National Audit Office and M/s Quintex Financial Services will jointly carry out the audit of the Institute for the year ended 30 June 2021.



## 2.0 STATEMENT OF THE RESPONSIBILITY OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 30 JUNE 2021

The Institute of Finance Management Act, RE 2002 requires the Governing Council to ensure that financial statements are prepared for each financial year, which presents fairly, in all material respects, the state of affairs as at the end of the financial year and of its operating results for the year that ended.

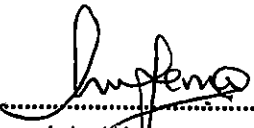
The Governing Council is also required to ensure that the Institute keeps proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Institute. The Governing Council Members are also responsible for safeguarding the assets of the Institute.

The Governing Council Members are responsible for ensuring the preparation of financial statements that present fairly, in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS). The Governing Council Members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the International Public Sector Accounting Standards.

The Governing Council Members are of the opinion that, the financial statements present fairly, in all material respects of the state of affairs of the financial position of the Institute and of its financial performance and its cash flows in accordance with the International Public Sector Accounting Standards.

The Governing Council Members further accept responsibility for the maintenance of accounting records that maybe relied upon in the preparation of financial statements, as well as an adequate system of internal controls. Nothing has come to the attention of the Governing Council Members to indicate that the Institute will not remain a going concern for at least twelve months from the date of this statement.

The Governing Council confirms that all the existing laws and regulations applicable in running the Institute have been complied with during the reporting period. They include the Public Finance Act of 2001 and its amendments, the Public Procurement Act of 2011 (as amended 2016) and its Regulations of 2013 (as amended 2016), and other laws, circulars and regulations applicable to the Institute.

Signed by:  .....

Prof. Emmanuel A. Mjema

Ag. Chairman of the Governing Council

Date: 17/03/2022 .....

### 3.0 DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2021

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 responsible for the preparation of financial statements of the entity concerned.

It is the duty of the Professional Accountant to assist the Governing Council to discharge the responsibility of preparing financial statements of an entity that shows a true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Council as detailed under the Governing Council Responsibility Statement.

I **Christina K. Akwilin** being the Acting Head of Finance of the Institute of Finance Management hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2021 have been prepared in compliance with International Public Sector Accounting Standards (IPSASs) Accrual basis.

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

Signed by:   
CPA Christina K. Akwilin  
Position: Acting Director of Finance  
NBAA Membership No: ACPA 1696  
Date: 17-03-2022

#### **4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

The Chairperson of the Council,  
The Institute of Finance Management,  
P. O. Box 3918,  
11101DAR ES SALAAM.

#### **4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

##### **Opinion**

I have audited the financial statements of the Institute of Finance Management, which comprise the statement of financial position as at 30 June 2021, 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 the Institute of Finance Management as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting.

##### **Basis for Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of the Institute of Finance Management 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**

Without modified my opinion, I draw attention to Note 31 to the financial statements that, as at 30 June 2021, the Institute has ten pending legal cases which involve disputes and its potential cost to the Institute is estimated at TZS 298.0 million. The respective contingent liabilities were not recognised because the chances of losing the cases are remote.

## **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. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

## **Other Information**

Management is responsible for the other information. The other information comprises the Councillor's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- 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 benefits 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, 2011 (as amended in 2016) 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.

## **4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

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

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

I performed a compliance audit on procurement of works, goods, and services in the Institute of Finance Management for the financial year 2020/21 as per the Public Procurement Laws in Tanzania.

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of the Institute of Finance Management was generally in compliance with the requirements of the Public Procurement Act Laws in Tanzania.

#### **(i) Procurement of common use items on cash basis valued TZS 642.9 Million**

During the audit, I noted that common use items valued TZS 642.9 million were procured on a cash basis, contrary to Reg. 50 (1) of the Public Procurement Regulations, 2013. I further noted that those micro procurements were not reported to the Tender Board and PPRA as required under Reg. 166 (7) (8), and (9) of Public Procurement Regulations, 2013.

#### **(ii) Contracts without performance guarantees**

Reg. 29(1) of the Public Procurement Regulations 2013 requires the procuring entity to demand performance security from the successful tenderer to guarantee the faithful performance of the contract and payment of all laborers, suppliers, mechanics and Subcontractors if any". To the contrary, I noted 11 contracts with a total value of TZS 2.4 billion which were entered into without submission of the performance guarantees.



**(iii) Un-extended existing suppliers' and contractors' contracts**

Contrary to Regulation 111 of the Public Procurement Regulations, 2013 which provides guidance for the extension of time by the Accounting Officer, I noted four contracts of works and service which expired before 30 June 2021 but there is no documented order for extension of time that had been granted or termination.



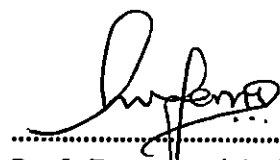
Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2022



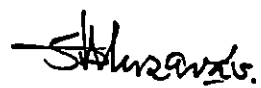
## 5.0 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| ASSETS                                                  | NOTES | 2020/21           | 2019/20           |
|---------------------------------------------------------|-------|-------------------|-------------------|
|                                                         |       | TZS               | Restated<br>TZS   |
| <b>Current Assets</b>                                   |       | <b>000'</b>       | <b>000'</b>       |
| Cash and Cash Equivalents                               | 5     | 8,826,208         | 7,302,745         |
| Inventories                                             | 6     | 43,752            | 26,435            |
| Trade and other Receivables under exchange transactions | 7     | 4,236,864         | 2,630,219         |
|                                                         |       | <b>13,106,824</b> | <b>9,959,399</b>  |
| <b>Non-Current Assets</b>                               |       |                   |                   |
| Financial Assets                                        | 8     | 429,147           | 364,238           |
| Work in Progress                                        | 9     | 2,886,748         | 3,460,269         |
| Property, Plant and Equipment                           | 10a   | 62,699,486        | 58,553,841        |
| Intangible Assets                                       | 10b   | 104,983           | 124,321           |
|                                                         |       | <b>66,120,364</b> | <b>62,502,669</b> |
| <b>Total Assets</b>                                     |       | <b>79,227,188</b> | <b>72,462,068</b> |
| <b>RESERVE AND LIABILITIES</b>                          |       |                   |                   |
| <b>Capital and Reserves</b>                             |       |                   |                   |
| Capital Fund                                            | 11    | 3,439,082         | 3,439,082         |
| Accumulated Surplus/(Deficit)                           |       | 72,158,992        | 65,206,122        |
|                                                         |       | <b>75,598,074</b> | <b>68,645,204</b> |
| <b>Long term liabilities</b>                            |       |                   |                   |
| Provision for employment benefits                       | 12    | 339,744           | 264,004           |
|                                                         |       | <b>339,744</b>    | <b>264,004</b>    |
| <b>Current Liabilities</b>                              |       |                   |                   |
| Payables and accruals under exchange transactions       | 13    | 3,162,711         | 3,375,670         |
| Deferred income under exchange transactions             | 14    | 109,010           | 159,541           |
| Deferred income under non-exchange transactions         | 15    | 17,649            | 17,649            |
|                                                         |       | <b>3,289,370</b>  | <b>3,552,860</b>  |
| <b>Total Reserve and Liabilities</b>                    |       | <b>79,227,188</b> | <b>72,462,068</b> |



Prof. Emmanuel A. Mjema  
VICE CHAIRMAN-GOVERNING COUNCIL

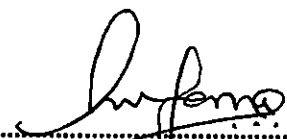


Dr. Imanueli D. Mnzava  
Ag. RECTOR

DATE 17.03.2022

# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

|                                          | NOTES | 2020/21<br>TZS '000' | 2019/20<br>TZS '000'<br>Restated |
|------------------------------------------|-------|----------------------|----------------------------------|
| <b>REVENUE</b>                           |       |                      |                                  |
| Revenue from exchange transactions       | 16    | 21,489,963           | 18,490,148                       |
| Tuition Fees                             |       |                      |                                  |
| Revenue from non- exchange transactions  | 17    | 9,972,676            | 8,510,728                        |
| Recurrent grant & Development            |       |                      |                                  |
| Fair value adjustment and exchange gains | 18    | 107,109              | 21,687                           |
| Other Revenue                            | 19    | 3,710,147            | 3,022,194                        |
| <b>Total Revenue</b>                     |       | <b>35,279,895</b>    | <b>30,044,757</b>                |
| <b>Less: - EXPENSES</b>                  |       |                      |                                  |
| Operating expenses                       | 20    | 6,723,546            | 5,674,231                        |
| Wages, salaries, and employee benefits   | 21    | 14,815,523           | 13,763,256                       |
| Administration expenses                  | 22    | 6,804,245            | 5,435,445                        |
| <b>Total Expenses</b>                    |       | <b>28,343,314</b>    | <b>24,872,932</b>                |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>    |       | <b>6,936,581</b>     | <b>5,171,825</b>                 |

  
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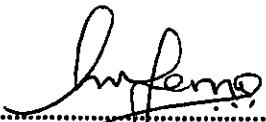
  
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 Ag. RECTOR

Date: 17.03.2022

# STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

|                                    | Share<br>Capital | Accumulated<br>Surplus<br>Restated | Total<br>Restated |
|------------------------------------|------------------|------------------------------------|-------------------|
|                                    | TZS<br>000'      | TZS<br>000'                        | TZS<br>000'       |
| Balance on 1 July 2019             | 3,439,082        | 60,062,695                         | 63,501,777        |
| Prior year adjustments             | -                | (28,398)                           | (28,398)          |
| Surplus / Deficit for the year     | -                | 5,171,825                          | 5,171,825         |
| Balance on 30 June 2020            | <u>3,439,082</u> | <u>65,206,122</u>                  | <u>68,645,204</u> |
| Balance as at 1 July 2020          | 3,439,082        | 65,206,122                         | 68,645,204        |
| Prior year adjustment              | -                | 16,289                             | 16,289            |
| Restated Balance As At 1 July 2020 | <u>3,439,082</u> | <u>65,222,411</u>                  | <u>68,661,493</u> |
| Surplus / Deficit for the year     | -                | 6,936,581                          | 6,936,581         |
| At 30 June 2021                    | <u>3,439,082</u> | <u>72,158,992</u>                  | <u>75,598,074</u> |

**Note:** Prior year adjustment includes few adjustments in respect of students' registration status refer Note 30.

  
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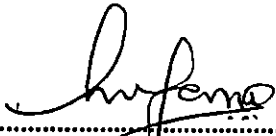
  
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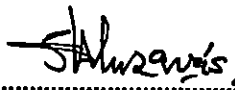
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# CASH FLOWS STATEMENT FOR YEAR ENDED 30 JUNE 2021

| CASH FLOWS FROM OPERATING ACTIVITIES                                    | Notes        | 2020/21<br>TZS<br>000' | 2019/20<br>TZS.<br>000' |
|-------------------------------------------------------------------------|--------------|------------------------|-------------------------|
| <b>Receipts</b>                                                         |              |                        |                         |
| Subsidies from other government entities                                | 17           | 8,476,676              | 8,510,728               |
| Fees, Fines, Penalties and Licenses                                     | 27(i)        | 24,263,239             | 20,674,681              |
| Other Revenue                                                           | 27(ii)       | 3,614,783              | 3,140,212               |
| <b>Total Receipts</b>                                                   |              | <b>36,354,698</b>      | <b>32,325 621</b>       |
| <b>Payments</b>                                                         |              |                        |                         |
| Wages, Salaries and Employee Benefits                                   | 27(iii)      | (14,665,921)           | (13,673,019)            |
| Other expenses                                                          | 27(iv)       | (15,497,059)           | (12,062,320)            |
| <b>Total Payments</b>                                                   |              | <b>(30,162,980)</b>    | <b>(25,735,339)</b>     |
| <b>Net Cash Flows from Operating Activities-A</b>                       | <b>27(v)</b> | <b>6,191,718</b>       | <b>6,590,282</b>        |
| <br><b>Cash Flows from Investing Activities</b>                         |              |                        |                         |
| <b>Receipts</b>                                                         |              |                        |                         |
| Subsidies from other government entities                                | 17           | 1,496,000              | -                       |
| <b>Payments</b>                                                         |              |                        |                         |
| Purchase of Property, Plant and Equipment                               | 27(vi)       | (4,567,746)            | (1,448,365)             |
| Capital Work in Progress                                                | 27(vii)      | (1,613,687)            | (1,361,047)             |
| <b>Net Cash Flows from Investing Activities-B</b>                       |              | <b>(4,685,433)</b>     | <b>(2,809,412)</b>      |
| <br><b>Cash Flows from Financing Activities</b>                         |              |                        |                         |
| Financing Income - Dividend                                             | 19           | 17,177                 | -                       |
| <b>Net Cash Flows from Financing Activities-C</b>                       |              | <b>17,177</b>          | <b>-</b>                |
| <br><b>Net Increase/(Decrease) in Cash And Cash Equivalents (A+B+C)</b> |              | <b>1,523,462</b>       | <b>3,780,870</b>        |
| Cash and Cash Equivalents at the beginning of the year                  |              | 7,302,746              | 3,521,876               |
| <b>Cash and Cash Equivalent as at 30 June 2021</b>                      |              | <b>8,826,208</b>       | <b>7,302,746</b>        |

**Note:** Cash flows report cash collected during the year and cash paid out during the year, while Statement of Financial Performance, reports revenue and expenditure recognized on accrual basis.

  
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Date: 17.03.2022  
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# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED 30 JUNE 2021

| DESCRIPTION                                | Original Budget          | Final Budget              | Actual<br>amount - On<br>Accrual | Adjustment                | Actual<br>amount on<br>cash basis | Difference                |
|--------------------------------------------|--------------------------|---------------------------|----------------------------------|---------------------------|-----------------------------------|---------------------------|
|                                            | TZS '000'<br>{A}         | TZS '000'<br>{B}          | TZS '000'<br>{C}                 | TZS '000'<br>{D}          | TZS '000'<br>{E = C+D}            | TZS '000'<br>{F=B - E}    |
| <b>Revenue</b>                             |                          |                           |                                  |                           |                                   |                           |
| Fees, fines, penalties and Licenses        | 18,981,660               | 23,128,996                | 23,576,808                       | (1,163,193)               | 22,413,615                        | 715,381                   |
| Recurrent grant                            | 9,025,035                | 9,025,035                 | 8,476,676                        | -                         | 8,476,676                         | 548,359                   |
| Finance Income                             | -                        | -                         | 17,177                           | -                         | 17,177                            | (17,177)                  |
| Fair value adjustment and<br>exchange gain | -                        | -                         | 107,109                          | (107,109)                 | -                                 | -                         |
| Carry over Fund                            | 1,856,658                | 1,856,658                 | -                                | -                         | -                                 | 1,856,658                 |
| Other revenue                              | <u>1,075,020</u>         | <u>1,075,020</u>          | <u>1,606,125</u>                 | <u>(225,381)</u>          | <u>1,380,744</u>                  | <u>(305,724)</u>          |
| <b>Total Revenue</b>                       | <b>30,938,373</b>        | <b>35,085,709</b>         | <b>33,783,895</b>                | <b>(1,495,683)</b>        | <b>32,288,212</b>                 | <b>2,797,497</b>          |
| <b>Expenses</b>                            |                          |                           |                                  |                           |                                   |                           |
| Wages, Salaries and Employees<br>Benefits  | 13,637,861               | 14,744,031                | 14,815,523                       | (149,602)                 | 14,665,921                        | 78,110                    |
| Operating expenses                         | 13,728,434               | 16,784,634                | 6,723,546                        | (251,224)                 | 6,472,322                         | 10,312,312                |
| Administration expenses                    | <u>3,572,078</u>         | <u>5,053,044</u>          | <u>6,804,245</u>                 | <u>(1,845,994)</u>        | <u>4,958,251</u>                  | <u>94,793</u>             |
| <b>Total Expenses</b>                      | <b><u>30,938,373</u></b> | <b><u>36,581,709</u></b>  | <b><u>28,343,314</u></b>         | <b><u>(2,246,820)</u></b> | <b><u>26,096,494</u></b>          | <b><u>10,485,215</u></b>  |
| <b>Deficit/Surplus for the year</b>        |                          | <b><u>(1,496,000)</u></b> | <b><u>5,440,581</u></b>          | <b><u>(751,101)</u></b>   | <b><u>6,191,718</u></b>           | <b><u>(7,687,718)</u></b> |
| Development Grant                          |                          | <u>1,496,000</u>          | <u>1,496,000</u>                 | -                         | <u>1,496,000</u>                  | =                         |

The budget and financial statements are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same cash basis as the budget. Explanation details for the differences have been provided under Note 32

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

### **1.0 REPORTING ENTITY**

The historical background of the Institute of Finance Management goes way back to the then National Bank of Commerce (NBC) Training College established by NBC soon after the nationalization of private banks in 1967 with the aim of training recruited newly bankers and conducting short-term training programmes for practicing bankers. The construction of the National Institute of Banking and Insurance (now the Institute of Finance Management - IFM) started in 1970 and due to the increased requirement of trained personnel in the fields of Banking, Insurance, Financial Management and the related subjects, the Institute of Finance Management was established by Act No. 3 of 1972 as a corporate body and became operational in July, 1972.

Currently IFM has four campuses: The Main Campus which is located between Samora Avenue /Shaaban Robert Street and Mirambo Streets/ Sokoine Drive in Dar es Salaam, Mwanza Campus located at Mwanza City (Rock City Mall), Simiyu Campus located at Sapiwi Village, and Dodoma Campus located at Uhindini Street.

### **2.0 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently across the reporting years unless otherwise stated.

#### **2.1 Statement of compliance with International Public Sector Accounting Standards (IPSASs Accrual)**

The accompanying financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS - Accrual) and its interpretations as issued by International Public Sector Accounting Standards Board (IPSASB), which one of the four independent standard is setting Board supported by International Federation of Accountants. (IFAC). In addition, guidance provided in the appropriate International Financial Reporting Standard (IFRS) is referred where a particular matter is not addressed under IPSAS. The Institute adopted IPSAS as of 1 July 2014.

The cash flow statements is prepared by use of direct method and presented on a comparative basis in accordance with "IPSAS 2" Cash Flow Statements.

The Institute annual budget covers a period of 1 July 2020 to 30 June 2021 and was prepared on the Cash Basis IPSAS as stipulated by the Public Finance Act, 2001(Revised 2004). The Institute presented a reconciliation statement to comply with IPSAS 24 which requires that if a basis other than the accrual basis is adopted for the budget, net cash flows from operating activities, investing activities and financing activities. The reconciliation shall be disclosed on

the face of the statement of comparison of budget and actual amounts or in the notes to the financial statements.

### **2.1.1 Basis of measurements**

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value whose changes have been measured through the Statement of Financial Performance. There were no adjustments made for inflationary factors affecting the accompanying financial Statements.

### **2.1.2 Use of estimates and judgements**

The preparation of financial statements is in conformity with the International Public Sector Accounting Standards - (IPSASs Accrual) that requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed separately as a note to the Financial Statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### **a. Judgments**

In the process of applying the Institute's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

#### **b. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the financial statements were prepared, However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur.

#### **c. Useful life and residual values**

The useful life and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal: -

- The condition of the asset based on the assessment of experts employed by the Institute.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**d. Provisions**

Provisions were made and the 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.

**e. Going concern**

The management of the institute has made an assessment of its ability to continue as a going concern. The institute is satisfied that it has adequate resources to continue in operation for the foreseeable future. Furthermore, the institute management is not aware of any material uncertainties that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**f. Impairment of assets carried at amortised cost**

Impairment losses on items in cash and balances with commercial banks, loans and receivables and other assets have been undertaken. The institute reviews its financial assets measured at amortized cost at each reporting date to assess whether an impairment loss should be recognized in Statement of Financial Performance. In particular, judgment by the Management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.

The institute makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.

**g. Impairment of other financial assets**

Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. Future cash flows on a group of

financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### **h. Useful life of Property and Equipment**

Pursuant to the requirements of IPSAS 17 (Property, Plant and Equipment) and IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors) the institute makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rates at each reporting date.

The institute expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

#### **2.1.3 Changes in Accounting Standard**

##### **a) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

In January 2020, the International Public Sector Accounting Standards Board (IPSASB) has issued various amendments and improvements to IPSASs made in 2019. The objective of *Improvements to IPSAS, 2019* is to address issues raised by stakeholders. *Improvements to IPSASs made in 2019* deals with non-substantive changes to IPSAS through a collection of amendments which are unrelated.

**Table 16: Standards which are not yet effective**

| Improvements to IPSAS                                                                                     | Summary of Changes                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>                           |                                                                                                                                                                                                         |
| IPSAS 5, Borrowing Costs.                                                                                 | Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.                                                   |
| IPSAS 30, Financial Instruments: Disclosures.                                                             | Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.                                                           |
| IPSAS 30, Financial Instruments: Disclosures.                                                             | Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.                                              |
| IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). | Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.               |
| IPSAS 13: Leases.                                                                                         | Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.                  |
| IPSAS 13, Leases and IPSAS 17: Property, Plant, and Equipment.                                            | Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. |
| IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash-Generating Assets.    | Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.                        |
| IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). | Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.                                                                    |
| IPSAS 40, Public Sector Combinations                                                                      | Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued.                                                                                           |

*Source: NBAA Technical Pronouncement*

**b) Relevant New standards and Amendments published and which are not yet effective**

**(i) COVID-19: Deferral of Effective Date**

On 6th November 2020 the International Public Sector Accounting Standards Board (IPSASB) published the final pronouncement, COVID-19: Deferral of Effective Dates. The pronouncement delays the effective dates of recently published Standards and Amendments to IPSAS by one year to 1 January 2023. Responding to the global COVID-19 pandemic and the challenges it has created, the purpose of this pronouncement is to provide stakeholders with additional implementation time. The Standards and Amendments which are impacted include:

- IPSAS 41: Financial Instruments;
- IPSAS 42: Social Benefits;
- Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36)
- Prepayment Features with Negative Compensation (Amendments to IPSAS 41);
- Collective and Individual Services (Amendments to IPSAS 19); and
- Improvements to IPSAS, 2019

**(ii) Amendments to IPSAS 13: *Leases***

Amendment has been made to determine whether a leased asset that has become impaired, an entity applies relevant impairment tests in international and/or national accounting standards accordance with IPSAS 21, Impairment of Non-Cash-Generating Assets or IPSAS 26, Impairment of Cash-Generating Assets, where appropriate. For finance leases, no such adjustment is necessary unless (a) there has been an impairment in value, and (b) that impairment is required to be recognized.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted.

Management has assessed the requirements of these amendments and their impact on the Institute financial reporting framework and is of the opinion that the amendments will have impact on its financial statements.

**c) Amendments of standards which have no impact on the financial statements of the Institute are: -**

**(i) Amendments to IPSAS 5, Borrowing Costs**

Paragraph 6 was amended by Improvements to IPSAS, 2019, issued in January 2020. Accordingly, borrowing costs will include:

- Interest on bank overdrafts and short-term and long-term borrowings Interest expense calculated using the effective interest method as described in IPSAS 41, Financial Instruments;
- Finance charges in respect of finance leases and service concession arrangements; and
- (e) Exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after 1 January 2022. Earlier application is permitted. If an entity applies this amendment for a period beginning before 1 January 2022, it shall disclose that fact and apply IPSAS 41 at the same time.

Management has made evaluation that this standard will not affect the institute's reporting framework.

**(ii) Amendments to IPSAS 30, Financial Instruments: Disclosures**

- Paragraphs IG13A-IG13C and IG22A-IG22D are added. Paragraph IG23 is amended. New text is underlined and deleted text is struck through Hedge Accounting (Paragraphs 28A-28C).
- Paragraph 28A of IPSAS 30 requires that an entity discloses amounts related to items designated as hedging instruments in a tabular format.
- Paragraph 28B of IPSAS 30 requires that an entity discloses amounts related to items designated as hedged items in a tabular format.
- Paragraph 28C of IPSAS 30 requires that an entity disclose amounts that have affected the Statement of Financial Performance as a result of applying hedge accounting in a tabular format.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after 1 January 2022. Earlier application is permitted. If an entity applies these amendments for a period beginning before 1 January 2022, it shall disclose that fact and apply IPSAS 41 at the same time.

Management has made evaluation and is of the view that the standard will have no impact on the financial statements of the Institute.

**(iii) Amendments to IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)**

A first-time adopter may designate a financial asset or financial liability as a financial asset or financial liability at fair value through surplus or deficit that meet the criteria for designation in IPSAS 41, in accordance with paragraph 114113A. A first-time adopter shall disclose the fair value of financial assets and financial liabilities designated into each category at the date of designation, their classification and carrying amount.

113A. IPSAS 41 permits a financial asset or financial liability to be designated on initial recognition (provided it meets certain criteria) as a financial asset or financial liability as at fair value through surplus or deficit. Despite this requirement, an exception applies when a first-time adopter is permitted to designate, at the date of adoption of IPSASs, any financial asset or financial liability as at fair value through surplus or deficit provided the asset meets the criteria in paragraph 44 of IPSAS 41 or liability meets the criteria in paragraph 46 of IPSAS 41 at that date.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after 1 January 2022. Earlier application is permitted. If an entity applies these amendments for a period beginning before 1 January 2022, it shall disclose that fact and apply IPSAS 41 at the same time.

The standard will have no impact on the financial statements of the Institute.

**(iv) Amendments to IPSAS 17: Property, Plant, and Equipment**

Paragraph 106 has been deleted and paragraph 107 added. The scope of this standard applies to property, plant, and equipment including weapons systems, infrastructure assets; and service concession arrangement assets after initial recognition and measurement in accordance with IPSAS 32, Service Concession Arrangements: Grantor.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2021. Earlier application is permitted.

Management is still evaluating the requirements of these amendment its impact on the Institute financial reporting framework when they fall due.

**(v) Amendments to IPSAS 21: Impairment of Non-Cash-Generating Assets**

**Amendments deal with:**

- **Recognizing and Measuring an Impairment Loss**

Impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17. Such an impairment loss on a revalued asset reduces the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17.

- **Reversing an Impairment Loss**

Reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17. However, to the extent that an impairment loss on the same individual revalued asset or class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit in accordance with IPSAS 31 or IPSAS 17.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted.

Management is still evaluating the requirements of these amendment its impact on the Institute financial reporting framework when they fall due.

**(vi) Amendments to IPSAS 26, Impairment of Cash-Generating Assets**

- **Recognizing and Measuring an Impairment Loss**

An impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17. Such an impairment loss on a revalued asset reduces the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17.

- **Reversing an Impairment Loss for an Individual Asset or Class of Asset**

A reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17. However, to the extent that an impairment loss on the same individual revalued asset or class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit in accordance with IPSAS 31 or IPSAS 17.

An entity shall apply these amendments for annual financial statements covering periods beginning on or after 1 January 2021. Earlier application is permitted.

Management is still evaluating the requirements of these amendments and their impact on the Institute financial reporting framework when they fall due.

**(vii) Amendments to IPSAS 40, Public Sector Combinations**

When an entity adopts the accrual basis IPSASs as defined in IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs), for financial reporting purposes subsequent to this effective date. This Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption of IPSASs. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2021. Earlier application is permitted.

The standard will have no impact on the financial statements of the Institute.

## **2.2 Revenue classification**

The Institute classifies its revenue into exchange and non-exchange transactions

### **2.1.4 Exchange transactions**

These are transactions, in which the Institute receives assets or services, or it has liabilities extinguished, and they directly give approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Tuition fee is the main revenue exchange transaction.

### **2.1.5 Non-exchange transactions**

In a non-exchange transaction, the Institute either receives value from another entity without directly receiving approximately equal value in exchange. Grants from the government are the main revenue from non-exchange transactions.

## **2.2 Revenue Recognition**

Revenue comprises of the fair value of subvention and assistance received from the government and other donors, fees charged on services rendered to the customers (which includes batch certification, testing, certificate and quality control, consultancy etc.) as well as rent and interest net of value added tax and discounts. Revenue is recognized as follows: -

### **a) Government grants**

Subvention and assistance received from the government and other donors are recognized when received by the Institute.

### **b) Tuition and Other Fees**

Tuition and other fees from students and short courses participants are recognized in the accounting period in which the courses are offered/ conducted.

Fees paid in advance are carried forward under the trade payables.

### **c) Interest and Dividend Income**

Interest income is mainly from banks especially on the fixed deposits and is recognized on a time proportion basis net of withholding tax. Dividend income is from the investment in shares at various listed companies and it is recognized when the right to receive payment is established.

### **d) Rental Income**

Rental income is mainly from the rented properties to third parties such as office accommodation and residential properties. Rental income is recognized on time proportion basis when earned and accounted in the respective accounting period.

### **e) Donation**

Donation income is recognized when received. Non-monetary donations, i.e. assets donated are measured at the fair value of the non-monetary item received which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivable is recognized when a binding transfer agreement is in place but cash or other asset has not been received.

When a donation is subject to a condition that, if unfulfilled, require the return the transferred resources, the Institute recognizes it as a liability until the condition is fulfilled.

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

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expenses to the Statement of Financial Performance.

### a) Depreciation

Land is not depreciated. Depreciation on Property, Plant and Equipment is calculated to write off the cost/valuation of Property, Plant and Equipment over their expected useful lives on a straight-line basis. No depreciation is charged to capital work in progress. Property, plant and equipment acquired during the year are depreciated from the date when they are available for use and ends to be depreciated at earlier of the date the asset is classified as "held for sale" or the date that asset is disposed /de-recognized.

The annual rates, which are consistent with those applied in the previous years are as shown in Table 17.

**Table 17: Depreciation Rates and Useful life**

| Item                                | Depreciation Rate<br>% | Useful Life<br>(Yrs.) |
|-------------------------------------|------------------------|-----------------------|
| IFM main building, houses and flats | 2                      | 50                    |
| Furniture, fixtures and fittings    | 20                     | 5                     |
| Kitchen equipment                   | 10                     | 10                    |
| Office Equipment                    | 20                     | 5                     |
| Library Books                       | 10                     | 10                    |
| Motor Vehicles                      | 20                     | 5                     |
| Loose tools                         | 10                     | 10                    |
| Computer, printers and IT consoles  | 25                     | 4                     |
| Graduation Gowns                    | 10                     | 10                    |
| Other Non-Current Assets            | 10                     | 10                    |
| Software                            | 14                     | 7.1                   |

*Source: Accounting Circular No. 2 of 2017/18*

**b) Major renovations**

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

**c) An asset's carrying amount and residual value**

An Asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that carrying amount is greater than its estimated recoverable amount.

Likewise, the assets' residual values and useful lives are reviewed only when the conditions to warrant the review exists at the balance sheet date.

**d) Books**

Books acquired for the library are capitalized and depreciated.

**e) De-recognition of items of Property and Equipment**

The Institute derecognizes items of property and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is charged to the statement of financial performance when the asset is derecognized.

**2.4 Intangible Assets**

Intangible assets consist of computer application software. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss.

Intangible assets are initially recorded at historical cost and accounting for intangible assets is based on its useful life. An intangible asset with a finite useful life is amortized and an intangible asset with an indefinite useful life is not amortized. Maintenance of the intangible assets is charged to the Statement of Financial Performance during the financial period in which they are incurred.

**a) Amortization**

The amortization of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life from when the asset is available for use on a straight-line basis at a rate of 14% per annum. The amortization shall cease at the date that asset is derecognized. Amortization period and the amortization method for an intangible asset with finite useful life shall be received at least at

each reporting date if the expected useful life of the asset is different from the previous estimate.

**b) Residual Value**

An intangible asset with a finite useful life residual value shall be assumed to be zero unless there is an active market for that asset.

**2.5 Leases**

**a) Institute as a lessee**

Operating leases are leases that do not transfer substantially all the risks and the benefits incidental to ownership of the leased item to the Institute. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

**b) Institute as lessor**

Leases in which the Institute does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initially direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term.

Contingent rents are recognized as revenue in the period in which they are earned.

**2.6 Impairment of non-financial assets**

**a) Impairment of cash-generating assets**

At each reporting date, the Institute assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Institute estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or groups of an assets.

In assessing value in use, the estimated future cash flow is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into

account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operation, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

The institute also makes assessment at each reporting date as to whether or not there is an indication that previously recognized impairment losses may have no longer existing or may have decreased. If such indication exists the recoverable amount is estimated.

**b) Impairment of non-cash -generating assets**

The Institute assesses at each reporting date whether there is an indication that a non-cash generating assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Institute estimates the asset's recoverable services amount.

An asset recoverable services amount is the highest of the non-cash generating assets fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and it's written down to its recoverable service amount.

In assessing value in use, the Institute has adopted the depreciation replacement costs approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement costs are measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the asset in binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Institute determines fair value less cost to sell based on the best available information.

### **c) Impairment losses**

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the Institute estimates the assets.

**Recoverable service amount:** A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its Recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of financial performance.

## **2.7 Investment in Shares**

The Institute has invested in shares of one of the companies listed in the stock exchange. The quoted shares are held both for speculation (shares held for sale purposes) and shares held for earning dividend purposes. Investment in shares is reported in the financial statements at their current market values on the date of the financial statements. Any appreciation and or diminution in value of shares are recognized in the financial statements through the statement of financial performance.

## **2.8 Financial Instruments**

### **a) Financial Assets**

#### **i) Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Institute commits to purchase or sell the asset.

The Institute's financial assets include: cash, trade and other receivables; staff loans and other receivables and quoted financial instruments.

ii) **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

- **Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at an amount agreed between the Institute and other parties.

- **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Institute has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

- **Available-for-sale financial assets**

The Institute classifies available-for-sale financial assets as non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity or financial assets at fair value through surplus or deficit.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with gains or losses recognized directly in net assets through the statement of changes in net assets until the

financial asset is derecognized, at which time the cumulative gain or loss is recognized in surplus or deficit.

### iii) Derecognition

The Institute derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:-

- The rights to receive cash flows from the asset have expired or they have been waived.
- The Institute has transferred its rights to receive cash flows from the asset or it has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Institute has transferred substantially all the risks and rewards of the asset; or (b) the Institute has neither transferred nor retained substantially the risks and rewards of the asset, but it has transferred control of the asset.

### iv) Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A Financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators: -

- The debtors or a group of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicate a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

For financial assets carried at amortized cost, the Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Institute determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets

with similar credit risk characteristics are collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral have been realized or transferred to the Institute.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreased because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

- **Available-for-sale financial assets**

For available-for-sale financial assets, the Institute assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of financial assets classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value was below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the surplus or deficit - is removed from the reserve in net assets and recognized in surplus or deficit.

In the case of debt instruments classified as available-for-sale, impairment is assessed base on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulate loss measured as the difference between the amortized cost and

the current fair value, less any impairment loss on that investment previously recognized in surplus deficit.

**b) Financial liabilities**

**i) Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The Institute's financial liabilities are trade and other payables.

**ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification.

- **Financial liabilities at fair value through surplus or deficit**

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Institute that are not designated as hedging instruments in hedge relationships as defined by IPSA 29. Gains or losses on liabilities held for trading are recognized in surplus or deficit.

- **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is

replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**d) Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for the transaction costs.

**2.9 Inventories**

Inventories are valued at the lower cost and net realizable value. Cost is determined on First in First out basis.

When there is objective evidence that the value of inventories is impaired either through damage and or obsolescence, provision for impairment is made to that effect through the Statement of Financial Performance.

**2.10 Deposits, prepayments and receivables**

Deposits, prepayments and receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for impairment.

Provision for impairment of receivables is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the specific receivables. The loss is recognized through statement of financial performance.

**2.11 Provisions**

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

- **Contingent liabilities**

The Institute does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

- **Contingent assets**

The Institute does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## **2.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, and highly liquid investments with an original maturity of three months or less, which are readily convertible to the known amounts of cash and are subject to insignificant risk of changes in value.

## **2.13 Related party**

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, or vice versa. Members of the key management are regarded as related parties and comprise the councilors, the executive officer, deputies and directors.

## **2.14 Trade and other payables**

Payables are recognized at fair value. Other payables are recognized when incurred through either enjoyment of services on credit and/or receiving of goods supplied on credit.

## **2.15 Foreign currency translation**

### **a) Functional and presentation**

Items included in the financial statements of the Institute are measured using Tanzanian Shilling (TZS), which is the currency of the primary economic environment in which the Institute operates.

### **b) Transaction and balance**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities at the year end, expressed in foreign currencies are translated into functional currency using the exchange rates prevailing at the end of the financial year. Translation losses/ (gains) on loans used to finance capital construction projects are capitalized as part of construction work in progress. All other exchange rates gains and losses are reflected in the statement of financial performance.

## **2.16 Presentation of the budget information**

The financial statements in conformity with IPSAS 24 requires the management of a public sector entity to show comparison of budget amounts arising from execution of the approved budget to be included in the financial statements of the entity. The Institute prepares its financial statements indicating the actual expenditure in comparison with the approved budgetary provisions and in so doing fully complies with this standard. The statement of comparison of budgeted and actual amounts has been presented using accrual basis of accounting.

## **2.17 Employees benefits**

### **a) Undefined benefit plan**

The Institute operates undefined benefit scheme for its employees. Provision is made in the financial statement for the estimated cost of the future benefits under the scheme. No employee contributions are made to the scheme. Provisions to scheme are recognized when they have rendered service entitling them to the scheme. An actuarial valuation is carried out at the end of each reporting period.

### **b) Defined contribution plan**

Apart from the monthly salaries, responsibility allowance, and other fringes benefits as provided in the staff regulations; the Institute has a defined contributions plan to cater for pension obligations for her employees by paying on monthly basis agreed contributions to the Pension funds. Such contributions are recognized as employee benefit expenses.

**c) Gratuity**

Employees working on contract basis are paid gratuity equal to 25% of the total emoluments during the contract period.

**d) Workman's compensation scheme and group personal accident**

In order to ensure that employee's welfare is safeguarded, the Institute complies fully with the Workman's Compensation Act which requires compensation to employees injured in course of their employment.

Also, the Institute contributes to workers compensation Fund and ensures that staff and management employees injured at work are compensated.

**e) Termination benefits**

Termination benefits are payable to employees who are terminated before the normal retirement date or where an employee accepts voluntary redundancy in exchange of these benefits.

**d) Retirement benefits**

The Institute pays retirement benefits to retiring employees in accordance with entitlements stipulated in the staff regulations as approved by the Governing Council.

**3.0 Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Institute'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.

**4.0 Financial Risk Management**

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Institute's operations. This note presents information about the Institute's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Institute's management of capital. Further quantitative disclosures are included throughout these financial statements.

**4.1 Credit risk**

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises

principally from the Institute's investments, loans to staff, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was:

|                          | 2021              | 2020              |
|--------------------------|-------------------|-------------------|
|                          | <u>TZS' 000</u>   | <u>TZS'000</u>    |
| Investments in equity    | 166,907           | 101,998           |
| Trade receivables        | 1,235,616         | 1,587,620         |
| Other receivables        | 3,001,248         | 1,042,599         |
| Cash and cash equivalent | 8,826,208         | 7,302,746         |
|                          | <b>13,229,979</b> | <b>10,034,963</b> |

- **Credit quality**

Credit quality is the assessed risk of default attached to counterparties to which the Institute extends credit and also those parties with whom the Institute invests. As such, the credit quality assessed extends to the students, investments and banks of the Institute.

For financial statement purposes, the investments and balances with banks are limited to the investments, trade receivable and cash equivalents line items in the statement of financial position. The Institute determines credit quality of the investments and banks using information obtained from external ratings. The Institute does not have financial management risk policy which describes how the Institute internally rates the entities to invest with. The Institute is required, by legislation, to extend services and extended payment terms to all customers irrespective of their financial standing. For the purpose of determining the quality of customers, the Institute applies its past experience with the customers in determining the risk of default posed by the customers.

- **Investment in equity**

The Institute limits its exposure to credit risk by investing with only reputable financial institutions and companies listed on stock exchange. Consequently, the Institute does not consider there to be any significant exposure to credit risk.

- **Receivables**

Receivables are amounts owed by mainly students, and they are presented net of impairment losses. The Institute does not have a credit risk policy in place, and therefore exposure to credit risk is not monitored on an ongoing basis. The Institute's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

The Institute establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The Institute provided fifty percent for all receivables outstanding over 365 days but less than 730 days where there was no evidence of expected recovery. It provides in full for all receivables outstanding over 730 days.

- **Cash and cash equivalents**

The Institute limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating and have not received bad publicity. Consequently, the Institute does not consider there to be any significant exposure to credit risk.

#### **4.2 Liquidity risk**

Liquidity risk is the risk of the Institute not being able to meet its obligations as they fall due. The Institute's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities available when due, without incurring unacceptable losses or risking damage to the Institute's reputation.

The Institute ensures that it maintains sufficient cash on demand balances to meet expected operating expenses through the use of cash flow forecasts.

The sources of fund include tuition fees from student, government subsidies, investment income, and fees on short courses, rental income and other miscellaneous income.

#### **4.3 Market risk**

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Institute's income or the value of its financial instrument holdings. In other words, it is the risk of changes in value of net asset of the Institute as a result of adverse price investments and financial assets and liabilities held by the Institute. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

#### **4.4 Currency risk**

The currency risk is the risk arising from changes in the value of foreign currencies. The Institute generates foreign currency from tuition fees paid by the students. The foreign currency generated is deposited and maintained in the bank account denominated in foreign currency to hedge against continuous weakening of Tanzania Shilling.

Foreign denominated monetary assets (All amounts are in thousand shillings)  
30 June 2020

|                           | <u>Pound</u>     | <u>EURO</u>      | <u>USD</u>        |
|---------------------------|------------------|------------------|-------------------|
| Receivables               | 57,203.64        | 56,583.00        | 220,851.45        |
| Cash and cash equivalents | <u>16,973.02</u> | <u>5,363.02</u>  | <u>122,410.40</u> |
|                           | <u>74,176.66</u> | <u>61,946.02</u> | <u>343,261.85</u> |

30 June 2021

|                           | <u>Pound</u>     | <u>EURO</u>      | <u>USD</u>        |
|---------------------------|------------------|------------------|-------------------|
| Receivables               | 55,031.92        | 56,028.61        | 228,035.90        |
| Cash and cash equivalents | <u>18,080.88</u> | <u>0</u>         | <u>173,725.00</u> |
|                           | <u>73,112.80</u> | <u>56,028.61</u> | <u>401,760.90</u> |

The Institute had no liabilities denominated in foreign currency as at the reporting date.

#### 4.5 Price risk management

The Institute is exposed to the equity security price risk because of investments in quoted shares classified as available for sale. To manage its price risk arising from investments in equity, the Institute diversifies its portfolio. All quoted shares held by the Institute are traded on the Dar es Salaam Stock Exchange (DSE).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

| <b>NOTE 5: CASH AND CASH EQUIVALENTS</b> | <b>2020/21</b>   | <b>2019/20</b>   |
|------------------------------------------|------------------|------------------|
|                                          | <b>TZS'000</b>   | <b>TZS'000</b>   |
| NMB -DSM-Account                         | 5,613            | 68,732           |
| CRDB -DSM-Deposit Account                | 21,940           | 77,468           |
| CRDB -Payments Account                   | 53,227           | 73,240           |
| NBC Mwanza Account                       | (50)             | (4,871)          |
| CRDB -HESLB Account                      | 400,543          | 432,763          |
| NBC -NHIF Account                        | 131,621          | 129,591          |
| EXIM -Mwanza Account                     | 3,333            | 2,824            |
| BOT -TZS Account                         | 7,751,051        | 6,174,724        |
| NBC -USD Account                         | 360,011          | 255,609          |
| BOT- USD Account                         | 41,267           | 26,906           |
| CRDB GBP Account                         | 27,424           | 22,084           |
| BOT-GBP Account)                         | 30,357           | 27,015           |
| TPB-EUR Account                          | (129)            | (123)            |
| TPB-EUR Account                          | -                | 14,077           |
| <b>Total Bank Balances</b>               | <b>8,826,208</b> | <b>7,300,045</b> |
| Petty cash                               | -                | 2,701            |
| <b>TOTAL</b>                             | <b>8,826,208</b> | <b>7,302,746</b> |

The balance of cash and cash equivalents as at 30 June 2021 aggregated to TZS 8,826.2 million (2019/20: TZS 7,302.7 million). The net increase of TZS 1,523.5 million was mainly attributed to fees in respect of second semester tuition fees which were received at the end of the financial year 2020/21 and funds received from URT Government for development project amounting to TZS 1,496.0 million.

**NOTE 6: INVENTORIES**

|                            |                |                |
|----------------------------|----------------|----------------|
|                            | <b>2020/21</b> | <b>2019/20</b> |
|                            | <b>TZS'000</b> | <b>TZS'000</b> |
| Stationery Stocks          | 26,399         | 26,435         |
| Materials for Construction | 17,353         |                |
| <b>TOTAL</b>               | <b>43,752</b>  | <b>26,435</b>  |

Inventories are not held for sale

|                                                                       | 2020/21<br>TZS'000 | 2019/20<br>TZS'000 |
|-----------------------------------------------------------------------|--------------------|--------------------|
| <b>NOTE 7: TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b> |                    |                    |
| Trade debtors                                                         | 2,982,733          | 3,229,009          |
| Less: Provision for impairment of debtors                             | (1,747,117)        | (1,641,389)        |
| <b>Net debtors</b>                                                    | <b>1,235,616</b>   | <b>1,587,620</b>   |
| Prepayments                                                           | 2,622,872          | 782,591            |
| Staff Loans                                                           | 86,282             | 66,504             |
| Safari/special imprests                                               | 0                  | 10,809             |
| Receivables from Consultancy                                          | 71,339             | 121,860            |
| Creditors with debit balances                                         | 220,755            | 60,835             |
| <b>TOTAL</b>                                                          | <b>4,236,864</b>   | <b>2,630,219</b>   |

(i) Trade and other receivables from exchange transactions amounted to TZS 4,236.8 million (2019/20: TZS 2,630.2 million). The net decrease of TZS 246.3 million from TZS 3,229.0 million in 2019/2020 to TZS 2,982.7 million in 2020/21 was mainly attributed to fees from students undertaking masters' programmes paid late in 2019/20.

(ii) Creditors with debit balance include IFMSO whose some activities for the new academic year begins before closure of the financial year. The Institute finances IFMSO activities and the same are recovered during enrollment when students pay IFMSO fees.

(iii) The increase of Prepayment by 235.2% in 2020/21 is mainly attributed to advance payments for acquisition of land at Mwanza amounting to TZS 1,317.3 million and purchase of three motor vehicles amounting to TZS 402.1 million.

|                                                               | 2020/21<br>TZS'000 | 2019/20<br>TZS'000 |
|---------------------------------------------------------------|--------------------|--------------------|
| <b>Movement in impairments provision</b>                      |                    |                    |
| Balance at the beginning of the period                        | 1,641,389          | 1,873,462          |
| Provision for receivables impairment raised during the period | 105,728            | 79,778             |
| Receivables recovered & written off during the period         | -                  | 311,851            |
| <b>Balance at the end of the period</b>                       | <b>1,747,117</b>   | <b>1,641,389</b>   |

#### **AGEING OF RECEIVABLES**

|           |           |           |
|-----------|-----------|-----------|
| 0-1       | 1,163,193 | 1,416,518 |
| 1-2 years | 153,246   | 342,203   |
| 2-3 years | 193,422   | 405,551   |

|               | 2020/21          | 2019/20          |
|---------------|------------------|------------------|
|               | TZS'000          | TZS'000          |
| 3-4 years     | 291,330          | 460,387          |
| 4-5 years     | 575,381          | 116,403          |
| Above 5 years | 606,161          | 487,947          |
|               | <b>2,982,733</b> | <b>3,229,009</b> |

**Note:** Receivables reported include TZS 302.6 million from HESLB and unpaid rent from tenants' amounting to TZS 248.2 million.

**NOTE 8: FINANCIAL ASSETS**

| Current financial assets stated at fair value:            | 2020/21        | 2019/20        |
|-----------------------------------------------------------|----------------|----------------|
| Shares in quoted entities at Dar es Salaam Stock Exchange | TZS'000        | TZS'000        |
| Tanzania Portland Cement Company Ltd                      | 166,907        | 101,998        |
| Government /Treasury Registrar                            | 262,240        | 262,240        |
| <b>TOTAL</b>                                              | <b>429,147</b> | <b>364,238</b> |

Financial Assets are securities categorized as Available for Sale (AFS). They comprise of listed equity investments and funds invested as Government Shares after closure of Twiga Bancorp. IFM owns 46,363 shares of Tanzania Portland Cement Company Ltd of which it is fair value based on quoted share price by DSE as at 30 June 2021 was TZS 3,600 per share. IFM share held by the Treasury Registrar are not listed at DSE.

**NOTE 9: WORK IN PROGRESS**

|                                                                       | 2020/21          | 2019/20          |
|-----------------------------------------------------------------------|------------------|------------------|
|                                                                       | TZS '000'        | TZS '000'        |
| Opening balance                                                       | 3,460,269        | 2,634,276        |
| Additions                                                             | 2,903,499        | 2,647,008        |
| Transfer to property and equipment (Note 10A)                         | (2,365,810)      | (1,816,354)      |
| Transfer to property and equipment (Note 10A) Addition and Completed. | (1,111,210)      | (4,661)          |
| <b>Closing Balance</b>                                                | <b>2,886,748</b> | <b>3,460,269</b> |

The work in progress relates to the costs incurred in acquiring/developing the land at Msata amounting to TZS 97.9 million. Further, the amount includes costs for construction of IFM campus in Geita TZS 953.4 million, Simiyu TZS 802.6 million, Msata Bagamoyo TZS 74.6 million and Njedengwa Dodoma amounting to TZS 865.5 million and development of ERP system and new software TZS 190.6 million. The costs incurred on projects and reported as work in progress were financed from internally generated resources and funds from the URT Government, which was exclusively for Geita project. Work in progress also includes cost of road infrastructure network at Simiyu TZS 142.3 million.

**NOTE: 10A PROPERTY, PLANT AND EQUIPMENT**

| PARTICULARS                                        | LAND<br>PROPERTY | BUILDINGS  | FURNITURE | LIBRARY<br>BOOKS | COMPUTER &<br>ACCESSORIES | OFFICE<br>EQUIPMENT | MOTOR<br>VEHICLES | GRADUATION<br>GOWNS | PLANT &<br>MACHINERY<br>(OTHER<br>ASSETS) | TOTAL      |
|----------------------------------------------------|------------------|------------|-----------|------------------|---------------------------|---------------------|-------------------|---------------------|-------------------------------------------|------------|
| Details                                            | TZS '000'        | TZS '000'  | TZS '000' | TZS '000'        | TZS '000'                 | TZS '000'           | TZS '000'         | TZS '000'           | TZS '000'                                 | TZS '000'  |
| Cost as at 1 July 2020                             | 39,019,837       | 18,777,397 | 3,429,574 | 1,423,821        | 1,458,147                 | 512,870             | 1,208,476         | 100,620             | 496,921                                   | 66,427,663 |
| Additions:<br>Transfer<br>from WIP &<br>Prepayment | 92,421           | 2,348,419  |           |                  |                           |                     |                   |                     |                                           | 2,440,840  |
| 2020/2021<br>Additions                             | 67,009           | 1,111,210  | 771,236   | 58,001           | 501,590                   | 469,116             | -                 | 100,000             | 289,711                                   | 3,367,873  |
| Cost as at 30 June 2021                            | 39,179,267       | 22,237,026 | 4,200,810 | 1,481,822        | 1,959,737                 | 981,986             | 1,208,476         | 200,620             | 786,632                                   | 72,236,376 |
| Depreciation                                       |                  |            |           |                  |                           |                     |                   |                     |                                           |            |
| As at 1 July 2020                                  | -                | 2,595,642  | 2,123,150 | 1,056,431        | 766,919                   | 241,509             | 852,843           | 21,644              | 215,684                                   | 7,873,822  |
| 2020/2021 Charge<br>for the Year                   | -                | 430,474    | 461,504   | 145,859          | 327,267                   | 110,030             | 115,682           | 15,895              | 56,357                                    | 1,663,068  |
| As at 30 June 2021                                 | -                | 3,026,116  | 2,584,654 | 1,202,290        | 1,094,186                 | 351,539             | 968,525           | 37,539              | 272,041                                   | 9,536,890  |
| NET BOOK VALUE :                                   |                  |            |           |                  |                           |                     |                   |                     |                                           |            |
| As at 30 JUNE 2021                                 | 39,179,267       | 19,210,910 | 1,616,156 | 279,532          | 865,551                   | 630,447             | 239,951           | 163,081             | 514,591                                   | 62,699,486 |

Note: Library books reported exclude 10,096 donated books received from various donors with fair values not established.

**NOTE: 10B PROPERTY, PLANT, & EQUIPMENT 2020 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

| PARTICULARS                | LAND<br>PROPERTY | BUILDINGS  | FURNITURE | LIBRARY<br>BOOKS | COMPUTER &<br>ACCESSORIES | OFFICE<br>EQUIPME<br>NT | MOTOR<br>VEHICLES | GRADUA<br>TION<br>GOWNS | PLANT<br>MACHINERY<br>(OTHER<br>ASSETS) | TOTAL      |
|----------------------------|------------------|------------|-----------|------------------|---------------------------|-------------------------|-------------------|-------------------------|-----------------------------------------|------------|
| Details                    | TZS'000'         | TZS'000'   | TZS'000'  | TZS'000'         | TZS'000'                  | TZS'000'                | TZS'000'          | TZS'000'                | TZS'000'                                | TZS'000'   |
| Cost as at 1 July<br>2019  | 36,914,020       | 18,684,322 | 2,773,517 | 1,423,821        | 1,093,813                 | 339,961                 | 1,036,776         | 53,120                  | 302,671                                 | 62,622,021 |
| Additions<br>2019/2020     | 2,105,817        | 93,075     | 656,057   | -                | 364,334                   | 172,909                 | 171,700           | 47,500                  | 194,250                                 | 3,805,642  |
| Cost as At 30 June<br>2020 | 39,019,837       | 18,777,397 | 3,429,574 | 1,423,821        | 1,458,147                 | 512,870                 | 1,208,476         | 100,620                 | 496,921                                 | 66,427,663 |
| Depreciation               |                  |            |           |                  |                           |                         |                   |                         |                                         |            |
| As at 1 July 2019          | -                | 2,220,870  | 1,785,955 | 914,049          | 552,072                   | 171,256                 | 731,063           | 15,936                  | 181,726                                 | 6,572,927  |
| Adjustments<br>(Disposal)  |                  | -          | -         | -                | -                         | -                       | -                 | -                       | -                                       | -          |
| Charge for the year        | -                | 374,772    | 337,195   | 142,382          | 214,847                   | 70,253                  | 121,780           | 5,708                   | 33,958                                  | 1,300,895  |
| As at 30 June<br>2020      | -                | 2,595,642  | 2,123,150 | 1,056,431        | 766,919                   | 241,509                 | 852,843           | 21,644                  | 215,684                                 | 7,873,822  |
| NET BOOK VALUE :           |                  |            |           |                  |                           |                         |                   |                         |                                         |            |
| As at 30 JUNE<br>2020      | 39,019,837       | 16,181,755 | 1,306,424 | 367,390          | 691,228                   | 271,361                 | 355,633           | 78,976                  | 281,237                                 | 58,553,841 |
| At 30 JUNE 2019            | 36,914,020       | 16,463,452 | 987,562   | 509,772          | 541,741                   | 168,705                 | 305,713           | 37,184                  | 120,945                                 | 56,049,094 |

**Note No. 10B INTANGIBLE ASSETS THE YEAR ENDED 30 JUNE 2021**

| SYSTEM SOFTWARE | Cost At 1 July 2020 | Additions: | Cost At 30 June 2021 | Amortization At 1 July 2020 | Charge for the year | ACC Amortization AS 30 JUNE 2021 | NET BOOK VALUE AS 30 JUNE 2021 | NET BOOK VALUE AS 30 JUNE 2020 |
|-----------------|---------------------|------------|----------------------|-----------------------------|---------------------|----------------------------------|--------------------------------|--------------------------------|
|                 | TZS '000'           | TZS '000'  | TZS '000'            | TZS '000'                   | TZS '000'           | TZS '000'                        | TZS '000'                      | TZS '000'                      |
|                 | 228,519             | 13,002     | 241,521              | 104,198                     | 32,340              | 136,538                          | 104,983                        | 124,321                        |

**Note No. 10B INTANGIBLE ASSETS FOR THE YEAR ENDED 30 JUNE 2020**

| SYSTEM SOFTWARE | Cost At 1 July 2019 | Additions: | Cost At 30 June 2019 | Amortization At 1 July 2019 | Charge for the year | ACC Amortization AS 30 JUNE 2019 | NET BOOK VALUE AS 30 JUNE 2020 | NET BOOK VALUE AS 30 JUNE 2019 |
|-----------------|---------------------|------------|----------------------|-----------------------------|---------------------|----------------------------------|--------------------------------|--------------------------------|
|                 | TZS '000'           | TZS '000'  | TZS '000'            | TZS '000'                   | TZS '000'           | TZS '000'                        | TZS '000'                      | TZS '000'                      |
|                 | 169,447             | 59,072     | 228,519              | 76,233                      | 27,965              | 104,198                          | 124,321                        | 93,214                         |

|         |         |
|---------|---------|
| 2020/21 | 2019/20 |
| TZS'000 | TZS'000 |

**NOTE 11: CAPITAL FUND**

The capital fund is made up of contributions that were made to the Institute by URT Government and other donors in the past towards financing the establishment of the Institute. No new contributions for capital fund were made by URT Government and donors during 2020/21.

|                              |                  |                  |
|------------------------------|------------------|------------------|
| URT Government Contributions | 1,558,504        | 1,558,504        |
| Tanzania Education Authority | 36,824           | 36,824           |
| Government Grant             | 711,691          | 711,691          |
| Mac Donald Grant             | 131              | 131              |
| CIDA Grants                  | 2,297            | 2,297            |
| World Bank                   | 651,199          | 651,199          |
| IDA Credit                   | 449,438          | 449,438          |
| Others                       | 28,998           | 28,998           |
| <b>TOTAL</b>                 | <b>3,439,082</b> | <b>3,439,082</b> |

**NOTE 12: PROVISION FOR EMPLOYMENT BENEFITS**

|                                                                                                           |                |                |
|-----------------------------------------------------------------------------------------------------------|----------------|----------------|
| Opening balance                                                                                           | 264,004        | 112,000        |
| Payments made in 2020/2021                                                                                | (73,862)       | (88,900)       |
| Provision for retirement benefits payable in (2021/2022)<br>charged to Statement of Financial Performance | 149,602        | 240,904        |
| <b>Closing balance</b>                                                                                    | <b>339,744</b> | <b>264,004</b> |

The Institute operates an unfunded defined benefits plan for qualifying employees. Under the scheme, employees are entitled to retirement benefits of eighteen months salary upon attaining the compulsory retirement age. During the year TZS 149.6 Million (2019/20: TZS 240.9 Million), was provided and charged to the statement of financial performance in respect of employees retiring in 2021/22. Payments made in respect of employees who retired from the Institute services amounted to TZS 73.8 million (2019/20 TZS 88,900).

**NOTE 13: PAYABLES AND ACCRUALS UNDER EXCHANGE TRANSACTIONS**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Suppliers deductions payable | 8,925            | 4,500            |
| Students - NHIF              | 275,974          | 280,304          |
| HESLB tuition fees           | 29,510           | 85,551           |
| NACTE fees                   | 17,470           | 13,210           |
| Accrued expenses             | 127,180          | 144,552          |
| Debtors with credit balances | 469,958          | 598,726          |
| Deposit payable              | 1,100,014        | 962,424          |
| Other creditors              | 1,133,680        | 1,286,403        |
| <b>TOTAL</b>                 | <b>3,162,711</b> | <b>3,375,670</b> |

The balance of payables and accruals decreased by TZS 212.9 million to TZS 3,162.7 million as at 30 June 2021. Debtors with credit balance which include tuition fees for students sponsored by HESLB who paid tuition fees before they were granted loans allocations the balance of that account decreased by TZS 128.8 million to TZS 469.9

|  | 2020/21 | 2019/20 |
|--|---------|---------|
|  | TZS'000 | TZS'000 |

million. In 2020/21 financial year 6,500 students were financed by HELSB, compared with 5,070 students in the year 2019/20. For the students who were continuing with studies their previous balances were used to settle tuition fees and those who had left the Institute were refunded. However deposit payable increased on account of number of first year students enrolled during 2020/21 financial year which were more than the preceding year.

|                |                                                    |                  |                  |
|----------------|----------------------------------------------------|------------------|------------------|
| <b>NOTE 14</b> | <b>DEFERRED INCOME UNDER EXCHANGE TRANSACTIONS</b> | <b>2020/21</b>   | <b>2019/20</b>   |
|                |                                                    | <b>TZS '000'</b> | <b>TZS '000'</b> |
|                | Welfare Funds                                      | 5,435            | 15,910           |
|                | Tuition received from students not yet registered  | 103,575          | 143,631          |
|                | <b>TOTAL</b>                                       | <b>109,010</b>   | <b>159,541</b>   |

|                 |                                           |                |                |
|-----------------|-------------------------------------------|----------------|----------------|
| <b>NOTE 15:</b> | <b>DEFERRED INCOME UNDER NON-EXCHANGE</b> | <b>2020/21</b> | <b>2019/20</b> |
|                 |                                           | <b>TZS'000</b> | <b>TZS'000</b> |
|                 | Opening balance                           | 17,649         | 17,649         |
|                 | <b>TOTAL</b>                              | <b>17,649</b>  | <b>17,649</b>  |

The amount deferred is in respect of grants received from Tanzania Education Authority (TEA) during 2016/17.

|                 |                                                          |                   |                   |
|-----------------|----------------------------------------------------------|-------------------|-------------------|
| <b>NOTE 16:</b> | <b>REVENUE FROM EXCHANGE TRANSACTIONS - TUITION FEES</b> | <b>2020/21</b>    | <b>2019/20</b>    |
|                 |                                                          | <b>TZS'000</b>    | <b>TZS'000</b>    |
|                 | Professional accountancy                                 | 4,611,280         | 4,424,253         |
|                 | Banking programmes                                       | 3,893,005         | 3,529,915         |
|                 | Insurance programmes                                     | 2,951,629         | 2,967,015         |
|                 | Social security programmes                               | 2,221,150         | 2,179,640         |
|                 | Tax management & economics programmes                    | 3,846,140         | 3,264,417         |
|                 | Computing and information technology                     | 1,879,960         | 1,211,930         |
|                 | Postgraduate programmes                                  | 2,086,799         | 912,978           |
|                 | <b>TOTAL</b>                                             | <b>21,489,963</b> | <b>18,490,148</b> |

**NOTE 17: REVENUE FROM NON-EXCHANGE TRANSACTIONS - GOVERNMENT SUBVENTION**

This figure comprises the amount received from the URT Government for paying salaries and development project during the period.

|                      |                  |                  |
|----------------------|------------------|------------------|
| Personnel emoluments | 8,476,676        | 8,510,728        |
| Development funds    | 1,496,000        | -                |
| <b>TOTAL</b>         | <b>9,972,676</b> | <b>8,510,728</b> |

| 2020/21 | 2019/20 |
|---------|---------|
| TZS'000 | TZS'000 |

**NOTE 18: FAIR VALUE ADJUSTMENTS AND EXCHANGE GAINS**

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| (Loss)/gains on investment in shares | 64,908         | 9,273         |
| Foreign exchange gains               | 42,201         | 12,414        |
| <b>TOTAL</b>                         | <b>107,109</b> | <b>21,687</b> |

**NOTE 19: OTHER REVENUE**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Registration and identity fees | 325,033          | 321,100          |
| Field supervision              | 1,048,000        | 894,200          |
| Miscellaneous income           | 1,606,125        | 1,568,076        |
| Consultancies fees             | 713,812          | 238,818          |
| Dividend                       | 17,177           | -                |
| <b>TOTAL</b>                   | <b>3,710,147</b> | <b>3,022,194</b> |

Total Other Revenue aggregated to TZS 3,710.1 million (2019/20: TZS 3,022.2 million). The noted increase of TZS 687.9 million was mainly attributed to students' fees following increase in the number of students, consultancies fees and fees payable for attending short courses. Dividend of TZS 17.17 million was earned from shares in Tanzania Portland Cement Company Limited.

**NOTE 20: OPERATING EXPENSES**

|                                                                   |                  |                  |
|-------------------------------------------------------------------|------------------|------------------|
| Estate and buildings (Routine maintenance & repairs of buildings) | 719,291          | 600,796          |
| Academic services (Educational materials, services & Supplies)    | 2,032,986        | 1,940,763        |
| Utilities, Supplies and Services                                  | 967,118          | 642,776          |
| Rental Expenses                                                   | 704,862          | 634,982          |
| Printing & Research                                               | 574,088          | 259,019          |
| Agency Fees                                                       | 9,618            | 48,378           |
| Office and General Supplies & Services                            | 932,212          | 779,349          |
| Communication and Information expenses                            | 228,030          | 303,371          |
| Outsourced Cleaning & Security Services                           | 555,341          | 464,797          |
| <b>TOTAL</b>                                                      | <b>6,723,546</b> | <b>5,674,231</b> |

(i) In 2020/21 operating expenses increased by TZS 1,049.3 million to TZS 6,723.5 million. The noted increase, representing 18.5%, was attributed to rehabilitation costs of plumbing system and repairs of the main campus buildings.

(ii) Agency fees decreased following reduction of collaborative programs due to drop of enrollment of Msc Finance programme and Msc Information Technology, no new enrollment during the reporting period

|                                                                                                                                                                                                | 2020/21 | 2019/20 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
|                                                                                                                                                                                                | TZS'000 | TZS'000 |
| (iii) Expenses relating to academic services and rental of space increased on account of number of student's that had to undertake examinations. As a result examination related cost went up. |         |         |

**NOTE 21: SALARIES AND EMPLOYEE BENEFITS**

|                                    | 2020/21           | 2019/20           |
|------------------------------------|-------------------|-------------------|
|                                    | TZS'000           | TZS'000           |
| Basic salaries - pensionable posts | 8,458,108         | 8,511,178         |
| Extra duty allowances              | 780,430           | 815,296           |
| Special allowances                 | 3,213,904         | 2,926,995         |
| Retirement awards                  | 359,882           | 256,936           |
| House allowance                    | 127,970           | 111,372           |
| House rent                         | 7,200             | -                 |
| Professional allowances            | 948,918           | 541,155           |
| Medical charges                    | 11,118            | 10,455            |
| Acting allowances                  | 49,811            | 27,011            |
| Responsibility allowance           | 148,560           | 151,042           |
| Leave passage                      | 70,339            | 90,592            |
| Outfit allowances                  | -                 | 1,500             |
| Sitting allowances                 | 200,901           | 128,263           |
| Subsistence allowances             | 31,039            | 19,323            |
| Court attire allowance             | 4,000             | 4,000             |
| Moving expenses                    | 192,198           | 31,103            |
| Honoraria                          | 182,000           | 115,800           |
| Funeral expenses                   | 29,145            | 21,235            |
|                                    | <b>14,815,523</b> | <b>13,763,256</b> |

- (i) Expenses on salaries and employees benefits aggregated to TZS 14,815.5 million (2019/20: TZS 13,913.9 million) hence registering an increase of 7.6 percent. The noted increase was mainly due to special allowance and professional allowance paid to IFM employees following increase in teaching and other related activities mainly on account of increased number of students and programs.
- (ii) Expenses on retirement awards increased following separation from employment of more senior staff compared to previous year. Retirement expenses for 2020/21 included provision for retirement benefits amounting to TZS 339.7million payable to prospective retirees in 2021/22.
- (iii) Moving expenses amounted to TZS 192.2 million (2019/20: TZS 31.1 million) following increase in the number of staff members transferred to up country campuses.

|                                                                | 2020/21<br>TZS'000         | 2019/20<br>TZS'000         |
|----------------------------------------------------------------|----------------------------|----------------------------|
| <b>NOTE 22: ADMINISTRATIVE EXPENSES</b>                        |                            |                            |
|                                                                | <b>2020/21<br/>TZS'000</b> | <b>2019/20<br/>TZS'000</b> |
| Directors Fees (Councilors)                                    | 100,842                    | 150,667                    |
| Transport (fuel, oil & lubricants)                             | 443,000                    | 390,579                    |
| Printing, advertising and information<br>supplies and services | 346,192                    | 257,112                    |
| Corporate social responsibility                                | 20,000                     | 60,460                     |
| Consultancy expenses                                           | 69,098                     | 80,128                     |
| Maintenance and repairs of office equipment<br>& appliance     | 126,746                    | 169,075                    |
| Hospitality, supplies and service expenses                     | 216,983                    | 201,843                    |
| Newspapers and magazines                                       | 18,107                     | 22,011                     |
| Food supplies & services                                       | 304,896                    | 243,410                    |
| Stamps and telegrams                                           | 18,137                     | 21,388                     |
| Telephone and fax                                              | 103,352                    | 100,458                    |
| Training domestic                                              | 312,354                    | 267,565                    |
| Training foreign                                               | 138,853                    | 246,165                    |
| Travel - in- country                                           | 923,725                    | 696,553                    |
| Travel -out- of country                                        | 747                        | 249,695                    |
| Expenses on professional fees and charges                      | 254,323                    | 257,450                    |
| Other operating expenses                                       | 199,137                    | 225,495                    |
| Depreciation                                                   | 1,663,068                  | 1,300,895                  |
| Amortization                                                   | 32,340                     | 27,965                     |
| Contribution to consolidated fund                              | 1,300,000                  | 300,000                    |
| Bad and doubtful debts                                         | 101,528                    | 79,778                     |
| Subscriptions fees                                             | 110,817                    | 86,753                     |
| <b>TOTAL</b>                                                   | <b>6,804,245</b>           | <b>5,435,445</b>           |

- (i) Administration expenses amounted to TZS 6,804.2 million (2019/20: TZS 5,435.4 million). The increase of TZS 1,368.8 million, representing 25 % was mainly attributed to printing cost of examination booklets following increased number of students.
- (ii) Travelling expenses increased by TZS 227.2 million from previous year. This was caused by several visits to the ongoing construction projects at Simiyu and Geita.
- (iii) Depreciation expenses increased to TZS 1,695.4 million (2019/20: TZS 1,328.8 million) on account of additional non-current assets procured and put into use during the year.

|         |         |
|---------|---------|
| 2020/21 | 2019/20 |
| TZS'000 | TZS'000 |

- (iv) The Institute contributed TZS 1,300.0 million (2019/20: TZS 300.0 million) to the consolidated fund of the URT Government.

**NOTE 23: FAIR VALUES OF FINANCIAL INSTRUMENTS**

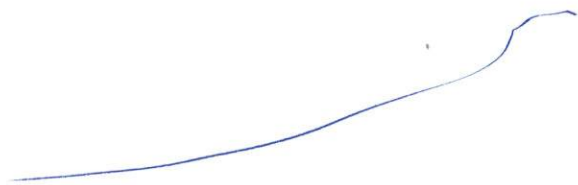
The comparison of the institute's financial instruments by class of the carrying amounts and fair value is as shown below.

| 30 June 2021                                                          | Carrying amounts  | Fair value        |
|-----------------------------------------------------------------------|-------------------|-------------------|
| Financial assets                                                      | TZS '000'         | TZS '000'         |
| Receivables from exchange transactions                                | 4,236,864         | 4,236,864         |
| Financial assets available for sale<br>(Investments in quoted shares) | 166,907           | 166,907           |
| Cash and cash equivalents                                             | 8,826,208         | 8,826,208         |
|                                                                       | <b>13,229,979</b> | <b>13,229,979</b> |
| <b>Financial liabilities</b>                                          |                   |                   |
| Financial liabilities at amortised cost                               | 3,162,711         | 3,162,711         |
|                                                                       | <b>3,162,711</b>  | <b>3,162,711</b>  |
| 30 June 2020                                                          | Carrying amounts  | Fair value        |
| Financial assets                                                      | TZS '000'         | TZS '000'         |
| Receivable from exchange transactions                                 | 2,630,219         | 2,630,219         |
| Financial asset available for sale<br>(Investment in quoted shares)   | 101,998           | 101,998           |
| Cash and cash equivalents                                             | 7,302,746         | 7,302,746         |
|                                                                       | <b>10,034,963</b> | <b>10,034,963</b> |
| <b>Financial liabilities</b>                                          |                   |                   |
| Financial liabilities at amortised cost                               | 3,375,670         | 3,375,670         |
|                                                                       | <b>3,375,670</b>  | <b>3,375,670</b>  |

**Financial liabilities at amortised cost**

The fair value of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade receivables, trade payables and other current liabilities of these instruments are based on exchange rate at the reporting date.
- Fair value of investments in quoted shares based on share price quotations at the reporting date.



|         |         |
|---------|---------|
| 2020/21 | 2019/20 |
| TZS'000 | TZS'000 |

**NOTE 24: FINANCIAL INSTRUMENTS CATEGORIES**

|                                                    | Loans and<br>receivables<br>TZS'000 | Available<br>for sale<br>TZS'000 | Available<br>for sale<br>TZS'000                           |
|----------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------------------------------|
| <b>30 June 2021</b>                                |                                     |                                  |                                                            |
| <b>Financial assets</b>                            |                                     |                                  |                                                            |
| Receivables from exchange transactions<br>(Note 7) | 4,236,864                           | 0                                | 4,236,864                                                  |
| Financial assets available for sale                |                                     |                                  |                                                            |
| Investment in quoted shares)-Note 8                | -                                   | <u>166,907</u>                   | <u>166,907</u>                                             |
|                                                    | <b>4,236,864</b>                    | <b>166,907</b>                   | <b>4,403,771</b>                                           |
|                                                    |                                     |                                  | <b>Financial<br/>Liabilities at<br/>amortised<br/>cost</b> |
| <b>Financial liabilities</b>                       |                                     |                                  | <b>TZS'000</b>                                             |
| Payables and accruals (Note 13)                    |                                     |                                  | <u><b>3,162,711</b></u>                                    |

|                                                                             | Loans and<br>receivables<br>TZS'000 | Available<br>for sale<br>TZS'000 | Available<br>for sale<br>TZS'000                          |
|-----------------------------------------------------------------------------|-------------------------------------|----------------------------------|-----------------------------------------------------------|
| <b>30 June 2020</b>                                                         |                                     |                                  |                                                           |
| <b>Financial assets</b>                                                     |                                     |                                  |                                                           |
| Receivables from exchange transactions<br>(Note 7)                          | 2,630,219                           | 0                                | 2,630,219                                                 |
| Financial asset available for sale<br>(Investment in quoted shares) -Note 8 | -                                   | <u>101,998</u>                   | <u>101,998</u>                                            |
|                                                                             | <b>2,630,219</b>                    | <b>101,998</b>                   | <b>2,732,217</b>                                          |
|                                                                             |                                     |                                  | <b>FinancialLiabi<br/>lities<br/>atamortized<br/>cost</b> |
| <b>Financial liabilities</b>                                                |                                     |                                  | <b>TZS'000</b>                                            |
| Payables and accruals (Note 13)                                             |                                     |                                  | <u><b>3,375,670</b></u>                                   |

|                                                                      | 2020/21          | 2019/20        |                  |
|----------------------------------------------------------------------|------------------|----------------|------------------|
|                                                                      | TZS'000          | TZS'000        |                  |
| <b>NOTE 25: FAIR VALUE HIERARCHY AND MEASUREMENT</b>                 |                  |                |                  |
| <b>30 June 2020</b>                                                  | <b>Level 1</b>   | <b>Level 2</b> | <b>Total</b>     |
| <b>Financial assets</b>                                              | <b>TZS'000</b>   | <b>TZS'000</b> | <b>TZS'000</b>   |
| Receivables from exchange transactions                               | 2,630,219        | 0              | 2,630,219        |
| Financial assets available for sale<br>(Investment in quoted shares) | 101,998          | 0              | 101,998          |
|                                                                      | <u>2,732,217</u> | <u>-</u>       | <u>2,732,217</u> |
| <b>Financial liabilities</b>                                         |                  |                |                  |
| Financial liabilities at amortised cost                              | -                | 3,375,670      | 3,375,670        |

|                                                                      |                            |                            |                          |
|----------------------------------------------------------------------|----------------------------|----------------------------|--------------------------|
| <b>NOTE 26: FAIR VALUE HIERARCHY AND MEASUREMENT</b>                 |                            |                            |                          |
| <b>30 June 2021</b>                                                  |                            |                            |                          |
| <b>Financial assets</b>                                              | <b>Level 1<br/>TZS'000</b> | <b>Level 2<br/>TZS'000</b> | <b>Total<br/>TZS'000</b> |
| Receivables from exchange<br>Transactions                            | 4,236,864                  | 0                          | 4,236,864                |
| Financial assets available for sale<br>(Investment in quoted shares) | 166,907                    | 0                          | 166,907                  |
|                                                                      | <u>4,403,771</u>           | <u>-</u>                   | <u>4,403,771</u>         |
| <b>Financial liabilities at amortised<br/>Cost</b>                   | <b>-</b>                   | <b>3,162,711</b>           | <b>3,162,711</b>         |

(i) Available for sale - These instruments are at quoted list prices in active markets, they are classified as level 1.

(ii) Accounts receivables, cash and bank balances, trade payables and accruals are at amortized cost and their carrying amounts approximate their fair values as they have variable interest rate and the rates market related. As the fair values are not based on quoted list prices, they are classified as level 2 as it is based on similar market transactions.

## **NOTE 27 CASH FLOW STATEMENT NOTES**

### **Note 27 (i): FEES, FINES, PENALTIES AND LICENSE**

|                                                                  |                          |                          |
|------------------------------------------------------------------|--------------------------|--------------------------|
| Tuition fees received in the year                                | 23,340,881               | 18,409,730               |
| Tuition fees received from HESLB & students<br>for previous year | <u>922,358</u>           | <u>2,264,951</u>         |
| <b>Total collection during the year</b>                          | <b><u>24,263,239</u></b> | <b><u>20,674,681</u></b> |

### **Note 27 (ii): OTHER REVENUE**

|                               |           |           |
|-------------------------------|-----------|-----------|
| Registration and identity fee | 325,033   | 321,100   |
| Field supervision             | 1,002,381 | 894,200   |
| Miscellaneous income          | 1,573,557 | 1,568,076 |

|               | 2020/21          | 2019/20          |
|---------------|------------------|------------------|
|               | TZS'000          | TZS'000          |
| Consultancies | <u>713,812</u>   | <u>356,836</u>   |
| <b>Total</b>  | <b>3,614,783</b> | <b>3,140,212</b> |

**Note 27 (iii): SALARIES, WAGES & EMPLOYEES BENEFITS**

|                                                                               |                   |                   |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| Salaries, wages & employees benefits Per Note 21                              | 14,815,523        | 13,913,923        |
| less: Provision for retirement benefits payable in following year (2021/2022) | (149,602)         | (240,904)         |
| <b>Paid salaries, wages &amp; employees benefits per cash flow statement</b>  | <b>14,665,921</b> | <b>13,673,019</b> |

**Note 27 (iv): OTHER EXPENSES**

|                                         |                   |                   |
|-----------------------------------------|-------------------|-------------------|
| Cash paid for operating expenses        | 10,121,846        | 7,636,477         |
| Cash paid for administration expenses   | 5,375,213         | 4,425,843         |
| <b>Total as per Cash Flow Statement</b> | <b>15,497,059</b> | <b>12,062,320</b> |

|                                                                                                           | 2020/21<br>TZS '000' | 2019/20<br>TZS '000' |
|-----------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>NOTE: 27(v) RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH NET SURPLUS/ (DEFICIT)</b> |                      |                      |
| Surplus/(Deficit) for the year                                                                            | 5,440,581            | 5,171,828            |
| <b>Add: Non- Cash items</b>                                                                               |                      |                      |
| Depreciation                                                                                              | 1,663,068            | 1,300,895            |
| Amortization                                                                                              | 32,340               | 27,965               |
| Bad and doubtful debts                                                                                    | 101,528              | 79,778               |
| Fair Value Adjustment and Exchange Gain                                                                   | <u>(107,109)</u>     | <u>(21,687)</u>      |
| Surplus/(Deficit) after Non-Cash items                                                                    | 7,130,408            | 6,558,779            |
| <b>Add/ Less: Working Capital Movement</b>                                                                |                      |                      |
| Increase/(decrease) in Payables                                                                           | 1,714,385            | (1,453,997)          |
| (Increase)/decrease in Receivables                                                                        | (2,585,227)          | 1,673,645            |
| Increase/(decrease) in Inventories                                                                        | (17,317)             | (4,082)              |
| Increase/(decrease) in deferred income under exchange transactions                                        | <u>(50,531)</u>      | <u>(184,063)</u>     |
| Calculated NCF from Operating activities                                                                  | 6,191,718            | 6,590,282            |
| Reported in FS NCF from Operating activities                                                              | <u>6,191,718</u>     | <u>6,590,282</u>     |
| Difference                                                                                                | <u>NIL</u>           | <u>NIL</u>           |

**NOTE 27(vi) PROPERTY, PLANT AND EQUIPMENT**

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Opening balance                   | 540,923          |                  |
| Additional assets as per Note 10A | 3,367,873        | 1,989,288        |
| Paid during the year              | <u>4,567,746</u> | <u>1,448,365</u> |
| Payables/                         | <u>(658,950)</u> | <u>540,923</u>   |

|                                      | 2020/21<br>TZS'000' | 2019/20<br>TZS'000' |
|--------------------------------------|---------------------|---------------------|
| <b>NOTE 27(vii) WORK IN PROGRESS</b> |                     |                     |
| Opening Balance                      | 1,281,300           |                     |
| Additional WIP as per Note 9         | 1,792,289           | 2,642,347           |
| Paid during the year                 | <u>1,613,687</u>    | <u>1,361,047</u>    |
| Payables                             | <u>178,602</u>      | <u>1,281,300</u>    |

**NOTE 28: RELATED PARTY TRANSACTIONS AND BALANCES**

Related party transactions represents a transaction with the Council members and senior management of the Institute. Transactions with the related parties included in the statement of performance are as follows:

**Key management personnel**

The key management personnel, as defined by IPSAS 20- Related Party Disclosures are members of Governing Council and management of the Institute. The total remuneration to members of the council and senior management staff during 2020/21 and their numbers were as shown below:

**Governing Council Members**

|                                     | 2020/21        | 2019/20        |
|-------------------------------------|----------------|----------------|
|                                     | TZS'000        | TZS'000        |
| Councilor's fees & Expenses         | <u>100,842</u> | <u>150,669</u> |
| Number of Governing council members | 10             | 10             |

**Transaction with key management**

The senior management members consist of the Rector, Deputy Rectors, Deans, Directors and Registrar. The aggregate remuneration of members of senior management and the number of management determined on a full-time equivalent basis are shown below:

|                                    | 2020/21          | 2019/20          |
|------------------------------------|------------------|------------------|
|                                    | TZS'000          | TZS'000          |
| Basic salary                       | 917,736          | 917,736          |
| Allowances                         | 250,920          | 249,120          |
|                                    | <u>1,168,656</u> | <u>1,166,856</u> |
| Number of key management personnel | 17               | 17               |

During the period loans amount TZS 70.2 million were granted to key management personnel (2019/20: TZS 54.6 million).

**NOTE 29: EVENTS AFTER REPORTING DATE**

There are no material non-adjusting events favorable or unfavorable that had occurred between the reporting date and the date when the financial statements were authorized for issue.

**NOTE 30: PRIOR YEARS' ADJUSTMENTS**

Revenue from exchange transaction of TZS 28.4 million in respect of 74 students were incorrectly omitted from the financial statement of 2019/20. The financial statements of 2019/20 have been restated to correct this error.

**NOTE 31: COMMITMENTS AND CONTINGENT LIABILITIES****Capital commitments**

Outstanding capital commitment as at 30 June 2021 aggregated to TZS 4,096.3 million for the development of the Msata Campus, Simiyu, Mwanza, Geita and Dodoma. The Institute is confident that it will proceed with development of the capital project next financial year without financial constraints.

**Operating lease commitment****Institute as a lease**

Future minimum lease payments under non-cancellable operating leases for the following period are:

|                              | 2020/21          | 2019/20          |
|------------------------------|------------------|------------------|
|                              | TZS'000          | TZS'000          |
| Due within one to five years | 1,724,877        | 1,591,776        |
|                              | <u>1,724,877</u> | <u>1,591,776</u> |

Leased premises are contracted for the remaining periods of between one to five years for venues located at Mwanza (Mwanza City Commercial Complex Company Limited-MCCCCCL), Dodoma (Dodoma City Council) and Dar-es Salaam (Tanzania Library Service Board), with renewal options. The total operating lease commitment of the said contracts is TZS. 1.7 million For the remaining period of these leases. The other leased premise is the BOT building leased at no cost for the period of three years ending May 2022.

**Contingent liabilities**

The institute has provided for the liabilities arising out of contractual obligations. Provisions for legal proceeding require a higher degree of judgments than other types of provisions. When cases are at an early stages, accounting judgments can be difficult because of high degree of uncertainty associated with determining whether a present obligation exists as a result of past event, hence estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As a result, management with legal advisors evaluate all ongoing cases and decides on whether provisions should be recognized and the estimated amounts of any such provisions.

As at 30 June 2021, the Institute has a number of pending legal cases. Most of these involve disputes that are not recognised because the chances of losing are remote. However, there are 10 (2020/21) cases in which the potential cost to the Institute is estimated at TZS 298.0 million (2019/20: TZS 298.0 million) should the institute lose the cases.

**NOTE32: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

| S/No            | Description                                         | Final Budget<br>for 2021 | Adjusted actual<br>amounts (Cash Basis) | Variance        | Reasons/Remark                                                                                                                                                                         |
|-----------------|-----------------------------------------------------|--------------------------|-----------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 |                                                     | <b>TZS'000</b>           | <b>TZS'000</b>                          | <b>TZS'000</b>  |                                                                                                                                                                                        |
|                 |                                                     | <b>(A)</b>               | <b>(B)</b>                              | <b>C= (A-B)</b> |                                                                                                                                                                                        |
| <b>Revenue</b>  |                                                     |                          |                                         |                 |                                                                                                                                                                                        |
| 1.              | Tuition fees, consultancy and other students' fees. | 23,128,996               | 22,413,615                              | (715,381)       | The deficit was attributed to delays in payment of second semester fees by students pursuing masters programmes.                                                                       |
| 2.              | Recurrent grant                                     | 9,025,035                | 8,476,676                               | (548,359)       | Budget for salaries was fixed following receipt of ceiling from the Government. Further, delays in promoting staff and filling new vacancies budgeted for attributed to this position. |
| 3.              | Finance Income                                      | 0                        | 17,177                                  | 17,177          | Dividend received during the year from Financial Assets.                                                                                                                               |
| 4.              | Other Revenue                                       | 1,075,020                | 1,380,744                               | 305,724         | Increase in number of students above target increased registration fees, appeal fees and other related student's fees. There was also major increase is a revenue from short courses.  |
| <b>Expenses</b> |                                                     |                          |                                         |                 |                                                                                                                                                                                        |
| 1.              | Salaries and employee benefits                      | 14,744,031               | 14,665,921                              | 78,110          | The over expenditure was mainly on account of payment of professional allowances in respect of consultancy and short courses conducted.                                                |
| 2.              | Operating expenses                                  | 16,784,634               | 6,472,322                               | 10,312,312      | The total budget include TZS 8,753.0 million for development expenditure in respect of acquisition of offices and classroom facilities which was not incurred.                         |
| 3.              | Administration expense                              | 5,053,044                | 4,958,251                               | 94,793          | (i) The under expenditure includes unpaid expenditure as at 30 June 2021.<br>(ii) Expenditure reported are on cash basis.                                                              |