



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



ARDHI INSTITUTE MOROGORO

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

Controller and Auditor General,
National Audit Office,
"Ukaguzi" House,
Mahakama Road,
P.O. Box 950,
41104 Tambukareli,
Dodoma, Tanzania.
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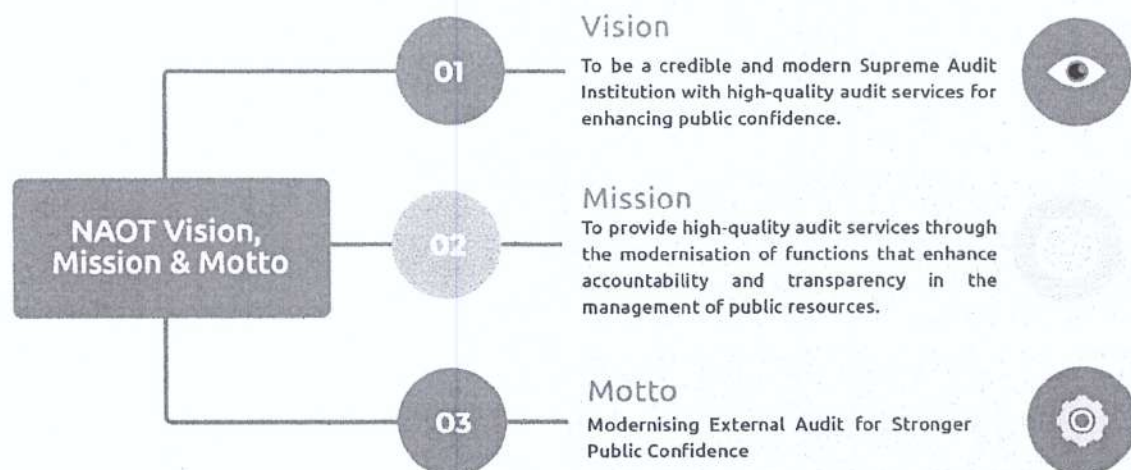
March 2025

AR/CG/TR.06/ARIMO/2023/24

About the National Audit Office

Mandate

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



Independence and objectivity

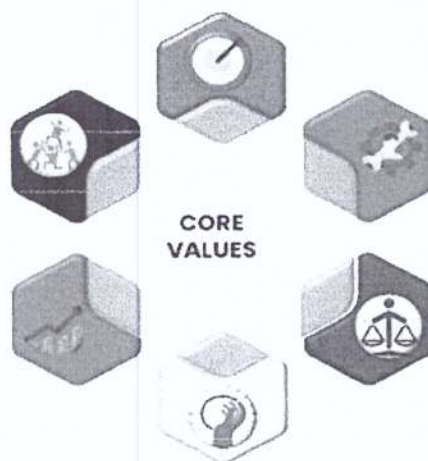
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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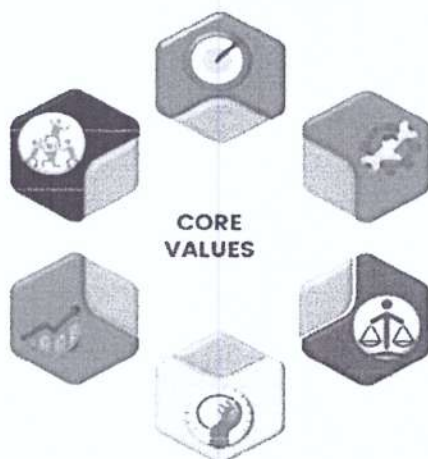
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Abbreviations

CAG	Controller and Auditor General
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
PAA	Public Audit Act
PAC	Public Accounts Committee
PAR	Public Audit Regulation
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Principal,
Ardhi Institute Morogoro,
P.O. Box 155,
MOROGORO, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Ardhi Institute Morogoro, which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Chairperson, Statement of the Principal, statement of management responsibility and Declaration by the Head of Finance but does not include the financial

statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the Ardhi Institute Morogoro for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Ardhi Institute Morogoro is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

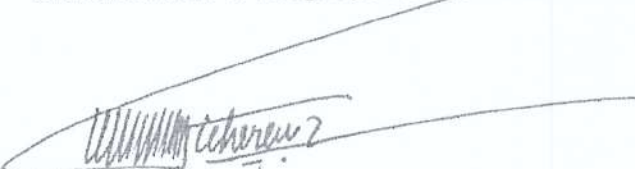
I performed a compliance audit on budget formulation and execution in Ardhi Institute Morogoro for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, except for the matter described below, Budget formulation and execution of Ardhi Institute Morogoro is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Non-Implementation of Budgeted Activities TZS 6,255,378,802.57

My review of budget for the ARIMO together with the implementation report submitted revealed that out of the budgeted amount of TZS 7,447,750,000, the Institute implemented activities worth TZS 1,192,371,197.43, leaving budgeted activities amounting to TZS 6,255,378,802.57 equivalent to 84% not implemented. I attribute the non-implementation of the budgeted activities to under collection of revenue by ARIMO which affected negatively the implementation of the planned activities as well as inadequate monitoring and evaluation of budget performance at the entity.


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



2.0 FINANCIAL STATEMENTS

1.0 INTRODUCTION

Ardhi Institute Morogoro was established under the Act of Parliament No. 35 of 1974 of the laws and mandated to carry on training, research and consultancy activities. The Institute is a government organ functioning under the auspices of the Ministry of Lands, Housing and Human Settlements Development; it is an important tool for training, research and consultancy activities in the land sector.

2.0 VISION

To be a centre of excellence in providing technical and professional training research and consultancy services in Geomatics, Urban & Rural Planning, Land Management and Architecture

3.0 MISSION

To provide flexible and sustainable high-standard and quality training, research, and consultancy in Spatial Planning, Architectural Services, Surveys and Mapping to meet the needs of clients.

4.0 CORE VALUES

Whereas students and staff who constitute the core of the Institute join the Institute as individuals at different dates, the Institute as an organization needs to be banded as a single entity through establishing an institutional culture in order to effectively deliver what is expected from it. Hereunder are the core values which shall be guiding the Institute's organizational culture.

Honest: We are truthful and sincere in all our work and dealings.

Transparency: We are clear and open in our operations and allows accessibility of information concerning our core business practices.

Confidentiality: We do not share confidential information to the public

Hard Working: We perform our work diligently in whatever we do.

Self-Discipline and Control: We are self-motivated and able to control our feelings and overcome our weaknesses and pursue what is right throughout our undertakings.

Creativity and Innovative: We are able to generate new ideas that improve the effectiveness of the Institute's core business throughout our undertakings.

Commitment and Accountability: We are dedicated to our duties and willing to accept responsibility to whatever we do.

Team Working: We are exemplary cooperative and use our individual skills to build synergy and provide constructive feedback despite any personal conflict between individuals

5.0 SOLVENCY

The Institute's solvency so far is healthier as nothing has come to the attention that will hinder the performance of the Institute for the next twelve months.

6.0 OVERALL PERFORMANCE AND CHALLENGES

6.1 ACHIEVEMENTS

The performance of the Institute during the year was satisfactory despite the prevailing challenges. During the financial year 2023/24 the Institute recorded the under-mentioned notable achievements;

- (i) Two (2) Examination Board meetings have been conducted.
- (ii) Three (3) Institute Advisory Board meetings were facilitated.
- (iii) Reviewing of Institute Curricular for Geomatics
- (iv) Two (2) sessions of semester fieldwork for hundred (100) students of URP NTA 5 & 6 together with four (4) Tutors for ten (10) days was facilitated.
- (v) One industrial practical training for 294 students of URP&GM NTA 5 & 6 was facilitated.
- (vi) One (1) seminar on HIV/AIDS counselling and testing for 40 staff members and 516 students was facilitated.
 - (vii) Staff statutory rights were fully implemented.
 - (viii) Eight (8) staffs were recruited
- (ix) Two (2) semester examination sessions were facilitated.
- (x) Twenty-eight (28) tutors were facilitated in setting, moderating and marking examinations
- (xi) Construction of two Classrooms funded by the Ministry of Lands and one constructed by using own source funds whereby completed by 45% and 95% respectively
- (xii) As part of its mandated function, ARIMO secured one consultancy service from Office of Treasury Registrar for preparation of detailed planning schemes and carry out cadastral surveying at Mbalizi(Mbeya District Council) and Tanzania Broadcasting Corporation site - Iwambi (Mbeya City Council)

6.2 CHALLENGES

During the implementation of the budget for the financial year 2023/24 the following were identified as the major challenges facing the effective performance of the Institute's budgeted activities;

- (i) Insufficient resources especially development funds and other charge funds from the Government together with funds from regularization projects undertaken by ARIMO.
- (ii) Inability to develop the ARIMO 34.3-acre plot located at Kola Hill in Morogoro Municipality.
- (iii) Incomplete library and studio building together with its infrastructure.
- (iv) Few modern surveying instruments (such as GNSS equipment, Total Station, levels, large format printers and scanners).
- (v) Insufficient number of teaching and supporting staff.
- (vi) Lack of software packages while dealing with normal institute functions like MUSE, e-office, student admission and result software.
- (vii) Bad condition of institute motor vehicles which cause frequent breakdowns.

7.0 STRATEGIES

In order to foster the implementation of the vision, mission and core values of the Institute the following strategies would be implemented;

- (i) To seek employment permit to staffs in critical areas.
- (ii) Development of strategically institutional management areas.
- (iii) Enhance revenue collection from already known sources and innovate new ones
- (iv) Promotion of public awareness on the function and mandate of the institute.

8.0 WAY FORWARD

In this regard, the Board has the responsibility of regulating the conduct of Ardhi Institute Management. In order to deliver and meet the stakeholders' expectations, the following key issues will be addressed;

- (i) Enhancing Institute capacity in terms of staffing and revenue collection.
- (ii) Promote public awareness on the ARIMO mandates, roles and activities.

Signature: 

Prof. Ernest P Kihanga
Institute Board Chairperson

Date: 17/2/2025

STATEMENT BY THE PRINCIPAL

1.0 INTRODUCTION

The management has the pleasure to present and submit the Financial Statements which disclose the state of affairs of the Ardhi Institute Morogoro for the year ended 30 June 2024

2.0 IMPLEMENTATION OF PLANS AND BUDGET 2023/24

The approved budget for the financial year 2023/24 was TZS 7,389,121,000 which constitutes TZS 824,231,000 for personal emolument (PE), TZS 441,000,000 for other charges (OC) and TZS 6,123,890,000 from own source collection. Out of TZS 6,123,890,000 own source collection TZS 1,837,167,000 was for development projects 4,246,723,000 was for recurrent and TZS 40,000,000 contribution to Consolidated fund.

During the year under review, the Institute managed to collect own source collection of TZS 984,648,470. Also, Institute received a total of TZS 1,043,593,500 as Government subsidies. The Government subsidies constitute Other Charges (OC) amounting to TZS 251,737,500 and Personnel Emoluments (PE) expenses amounting to TZS 791,856,000. The total collection during the year was TZS 2,028,241,970 out of TZS 7,389,121,000.

3.0 NON-TAX REVENUE

The Institute budgeted to collect a sum of TZS 6,123,890,000 from its own source which constitutes TZS 723,890,000 from tuition fees and TZS 5,400,000,000 from consultancies. During the year under review, the Institute collected non-tax revenue amounting to TZS 984,648,470. The sum comprises tuition fees amounted to TZS 638,695,700 and TZS 345,952,770 from consultancies.

4.0 ACHIEVEMENTS

During the year under review, the Institute managed to renew its accreditation status and curricula for Geomatics and Urban and Regional Planning Programs. The Institute facilitated four (4) staff to undergo long courses in order to develop their careers and make sure that the institute has qualified and competent staff who can impart quality and appropriate knowledge to students. Furthermore, the Institute recruited eight staffs (8) of different cadres. These are Assistant Tutors (6), Human Resource Officer (1) and Registry Management Assistant (1).

As part of its mandated function, ARIMO secured one consultancy service from Office of Treasury Registrar for preparation of detailed planning schemes and carry out cadastral surveying at Mbalizi (Mbeya District Council) and Tanzania Broadcasting Corporation site - Iwambi (Mbeya City Council)

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ARDHI INSTITUTE MOROGORO TR 06

5.0 CONSTRAINTS AND CHALLENGES

5.1 CHALLENGES

During the implementation of the budget for the financial year 2023/24 the following were identified as the major challenges facing the effective performance of the Institute's budgeted activities.

- (i) Insufficient resources especially development funds and other charge funds from the Government together with funds from regularization projects undertaken by ARIMO.
- (ii) Insufficient funds to develop the ARIMO 34.3 acres plot located at Kola Hill in Morogoro Municipality
- (iii) Incomplete library building and its infrastructure
- (iv) Few modern surveying instruments (such as GNSS equipment, Total Station, levels, large format printers and scanners);
- (v) Insufficient number of teaching and supporting staff
- (vi) Lack of software packages while dealing with normal institute functions like MUSE, e-office, student admission and result software.
- (vii) Bad condition of institute motor vehicles which cause frequent breakdown

5.2. REMEDIAL MEASURES

During the year under review the Institute has taken the following measures in order to overcome some of its critical issues.

- (i) Recruit staff in critical areas
- (ii) Develop strategic institutional management area
- (iii) Enhance revenue collection sources.
- (iv) Promote public awareness on the institute.

6.0 ADVISORY BOARD COMMITTEE

The Act no 35 of 1974 of the Parliament gave the power to the Permanent Secretary Ministry of Lands Housing and Human Settlement to select the Advisory Board members. During the financial year 2023/24 the Advisory Board had the following Members;

No	Name	Title	Date of Appointment	Place of work	Designation
1.	Prof. Ernest Kihanga	Chairman	20 Mar,2023	Mzumbe University	Senior Lecturer
2.	Mr Seushi Mburi	Vice Chairman	01 Feb,2023	MLHHSD	Director of Administration and Human Resources Management
3.	Mr. Charles Saguda	Secretary	01 Feb,2023	Ardhi Institute Morogoro	Principal of Ardhi Institute Morogoro
4.	Mr.Hamdoury Z Mansour	Member	01 Feb,2023	MLHHSD	Director of Survey and Mapping
5.	Dr. Musa A. Musa	Member	01 Feb,2023	RS - Morogoro	RAS - Morogoro

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No	Name	Title	Date of Appointment	Place of work	Designation
6.	Dr. Marcelina Baitilwake	Member	01 Feb,2023	NACTVET	Director of Admission, Examination & Certification
7.	Dr. Tatu Limbumba	Member	01 Feb,2023	Ardhi University	Lecturer
8.	Mr. Katemi Patrick	Member	01 Feb,2023	Ardhi Institute Morogoro	Chairperson RAAWU - ARIMO
9.	Mr Pius Kabadi	Member	01 Feb,2023	Ministry of Finance	Principal Accountant
10.	Miss. Zaina Mangore	Member	01 Feb,2023	Ardhi Institute Morogoro	President of ARISO

7.0 STAFF WELFARE

The management has maintained the relationship between management and employees as there is a systematic procedure of communication with employees on a regular basis, which is done through management and staff meetings. The management provides training facilities to staff for both short and long terms in order to update them with modern skills and technology. Other incentives include sponsoring of workers to attend seminars and short and long-term courses. In employee benefit plans, staff are paid extra duty allowances and leave allowances once every two years to enable staff and their spouse and children to travel to their place of domicile.

Signature:

Name: Charles Saguda
Title: Principal of Institute

Date: 17/02/2023

COMMENTARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024.

1.0 INTRODUCTION

The financial statements for the financial year 2023/24 present, financial performance, financial position, cash flow and statement of changes in net assets of the Ardhi Institute Morogoro for the year ended 30 June 2024.

The financial statements also provide an analysis of the actual amount against the final budget for the year under review.

2.0 OVERVIEW OF FINANCIAL STATEMENTS

The set of financial statements includes a statement of financial position, a statement of financial performance by nature, a statement of change in net asset, a cash flow statement, and a statement of comparison of budget and actual amount and notes to the financial statements of the Ardhi Institute Morogoro.

2.1. FINANCIAL POSITION

The financial position comprises, cash and cash equivalent, receivables, inventories prepayments, property, plant and equipment, work in progress, payables, short-term loans, deposits and net assets.

2.1.1 Cash and Cash Equivalent

Cash and cash equivalent at the end of the fiscal year 2023/24 was TZS 138,696,035.53 compared to TZS 190,888,173.19 (restated figure) for the year ended June 2023.

2.1.2 Receivables

Amount of receivables was TZS 1,076,892,621.45 for the year ended 30 June 2024 after deducting ECL amounted TZS 63,364,663.55. compared to TZS 904,738,300.80 (restated) for the year ended 30 June 2023. The amount of receivables comprises an outstanding tuition fee of TZS 91,700,456.00, consultancy fee from Tanzania Railway Corporation TZS 203,969,360.00 and unretired imprests amounted to TZS 844,587,469.00 of which TZS 51,065,000.00 belongs to the financial year ended 2023/24 and TZS 793,921,469.00 originated from previous years' imprests.

Institute reviewed students' debts and determine TZS 95,972,307.00 was wrongly booked in the balance of receivable, this has been corrected and opening balance was restated

2.1.3 Prepayments

Prepayments in the financial year ended 30 June 2024 was TZS 3,038,899.00 compared to TZS 2,466,318.00 reported during the year ended June 2023. Prepayment is the amount paid to Government Procurement Services Agency in advance for purchases of fuel

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2.1.4 Property, Plant and Equipment (PPE)

The total carrying amount for PPE as of 30 June 2024 was TZS 8,014,874,298.29 compared to TZS 8,049,022,818.78 (restated amount) for the year ended 30 June 2023. Restatement is due to the adjustment of overcharged depreciation for assets.

PPE Comprises Land TZS 6,905,160,000.00, Building and Other Unexhausted Development TZS 965,433,282.00, Furniture and Equipment TZS 48,573,618.38, Computers and Related Equipment TZS 26,421,264.58 and motor vehicles TZS 69,286,133.33.

2.1.5 Work in Progress

Total Work in Progress during the year ended June 2024 was TZS 203,394,741.74 compared to TZS 203,394,741.74 for the year ended June 2023. The value of work in progress remains the same because there was no development on the construction activities due to insufficient funds from own source collection and under realization of exchequer from government to finance completion two classes that was initially financed by MLHSD

2.1.6 Accumulated Depreciation

During the year ended 30 June 2024, Ardhi Institute Morogoro recorded accumulated depreciation of TZS 463,311,405.32 compared to TZS 419,282,884.83 (restated) for the year ended 30 June 2023. Restatement is due to the adjustment of overcharged depreciation for assets whose useful lives were reviewed during 2023/24.

2.1.7 Payables

Payables in the financial year ended 30, June 2024 were TZS 174,536,712.00 compared to TZS 61,401,795.00 (restated) for the year ended 30 June 2023. The increase of payables during the year under review were caused by insufficient funds from own source collection and under realization of exchequer from Government to service the budgeted activities.

2.1.8 KKK Short Term Loan

During the year under review, the institute had a balance of short-term loans that amounted to TZS 1,023,038,500 compared to TZS 1,023,038,500 reported during the year 2022/23. No loan recovery during the year under review due to failure of project beneficiaries in settlement of their outstanding bills. The term of this loan was to repay the loan within six months since the date of the loan issuance.

2.1.9 Total Net Assets

Ardhi Institute Morogoro has a Total Net Assets of TZS 8,299,180,484.01 as at 30 June 2024 compared to TZS 8,331,656,857.51 (restated) for the year ended 30 June 2023.

2.2. FINANCIAL PERFORMANCE

2.2.1 Revenue

Exchequer issues during the year 2023/24 were TZS 1,042,591,543.88. Compared to TZS 1,968,926,305.00 for the year 2022/23.

Exchequer issue comprises personal emoluments TZS 791,856,000.00 and other charges TZS 250,735,543.88. During the year under review, non-tax revenue was TZS 1,207,373,930.00 compared to TZS 1,127,077,920.00 financial year ended 2022/23.

2.2.2 Wages, Salaries and Employee's benefits.

Wages, salaries and employee benefits incurred by Ardhi Institute during the year under review was TZS 1,208,589,221.86 compared to TZS 1,178,888,746.99 in the year ended 2022/23. The increase is mainly caused by the salary and other benefits of newly recruited staffs during the year under review.

2.2.3 Use of Goods and Services.

During the year under review, the use of goods and services incurred was TZS 936,444,144.74 as compared to TZS 1,857,326,830 in the year ended 2022/23. The decrease during the year under review was mainly caused by insufficient funds from own source collections and exchequer realization from government to meet the budgeted activities as planned.

2.2.4 Routine Maintenance and Repair

During the year under review, Ardhi Institute Morogoro incurred TZS 58,302,820.94 as the costs of minor rehabilitation, spare parts, tyres and maintenance of motor vehicles compared to TZS 77,324,858.77 in the year ended June 2023. The decrease in routine maintenance during the year under review was due to decrease in projects and other activities.

2.2.5 Other Expenses

During the year under review, Ardhi Institute Morogoro incurred TZS 10,000,000.00 other expenses as contribution to treasury registrar in the financial year ended 30 June 2024.

2.2.6 Depreciation

During the year under review, Ardhi Institute Morogoro recognized depreciation of TZS 44,028,520.49 compared to TZS 94,382,500.49 for the year ended 30 June 2023.

2.3. CASH FLOW STATEMENT

2.3.1 Cash from operation activities

The Institute's operation activities and personal emoluments are financed by non-tax revenue and exchequer issues. During the year under review, the total cash collected both non-tax revenue and exchequer issue was TZS 2,028,241,970.00, compared to TZS 2,903,918,425.00 in 2022/23. On the other hand, the cash paid for operating activities was TZS 2,080,434,107.66 as compared to TZS 2,744,480,362.84 in the previous year.

3.0 AUDITORS

The Controller and Auditor-General (CAG) is the statutory auditor for the Office pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 and Section 10 (1) of the Public Audit Act, Cap 418.

Signature:



Name: Charles Saguda

Date: 17/02/2025

Title: Principal of Institute

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30 JUNE 2024**


STATEMENT OF THE MANAGEMENT RESPONSIBILITY

Section 30 of the Public Finance Act, Cap 348 [R.E 2020] requires the Management to prepare Financial Statements for each year. The Financial Statement prepared by Management should give a true and fair view of the state of affairs of the Institute as at the end of the financial year. They are also required to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Management is also responsible for safeguarding the assets of the Institute.

The Management accepts responsibility for the preparation of annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Public Sector Accounting Standards (IPSAS-Accrual Basis) and in the manner required by Section 30 of the Public Finance Act, Cap 348 [R.E 2020] and its regulations; and Guidelines issued or that may be issued from time to time by Paymaster General (PMG) and Accountant General (ACGEN)

The Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing implementing and maintaining an adequate system of internal control. Management is responsible for safeguarding the assets of the reporting entity and has a liability to take reasonable steps for the prevention and detection of fraud, errors and other irregularities.

Management accepts responsibility for the integrity of the financial statements, the information they contain, and its compliance with the Public Finance Act Cap 348 [R.E 2020] and instructions from the Treasury. Procurement of goods, works, consultancy and non-consultancy services, to the extent that they are reflected in these Financial Statements, have been done in accordance with the Public Procurement Laws Nothing has come to the attention of the Management to indicate that the Institute will not remain a going concern for at least twelve months from the date of this Statement.

Signature: 
Charles Saguda
Principal of Institute

Date: 17/07/2025

THE UNITED REPUBLIC OF TANZANIA
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DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE, 2024

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

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

I, Nicholas E Chisuse being Head of Finance and Accounts Unit of the Ardhi Institute Morogoro hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June, 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by:



Position: Head of Finance and Accounts Unit


NBAA Membership No: ACPA 4369


Date: 17.02.2025

THE UNITED REPUBLIC OF TANZANIA
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023/24 TZS	RESTATED 2022/23 TZS
ASSETS			
Current assets			
Cash and cash equivalents	23	138,696,035.53	190,888,173.19
Receivables	24	1,076,892,621.45	904,738,300.80
Inventories	25	59,859,100.00	65,586,800.00
Prepayments	26	3,038,899.00	2,466,318.00
Total Current assets		1,278,486,655.98	1,163,679,591.99
Non-current assets			
Property, Plant and Equipment	27	8,014,874,298.29	8,049,022,818.78
Work In Progress	28	203,394,741.74	203,394,741.74
Total Non-current assets		8,218,269,040.03	8,252,417,560.52
TOTAL ASSETS		9,496,755,696.01	9,416,097,152.51
LIABILITIES			
Current liabilities			
Payables	29	174,536,712.00	61,401,795.00
KKK Short term Loan	30	1,023,038,500.00	1,023,038,500.00
Total Current liabilities		1,197,575,212.00	1,084,440,295.00
Non-Current liabilities			
TOTAL LIABILITIES		1,197,575,212.00	1,084,440,295.00
NET ASSETS		8,299,180,484.01	8,331,656,857.51
NET ASSETS			
Taxpayers Fund	31	8,314,283,739.00	8,314,283,739.00
Accumulated Surplus		(15,103,254.99)	17,373,118.51
TOTAL NET ASSETS		8,299,180,484.01	8,331,656,857.51


Charles Saguda
Principal of Institute

Date:  17/07/2025

THE UNITED REPUBLIC OF TANZANIA
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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		2023/24	RESTATED 2022/23
	NOTE	TZS	TZS
REVENUE			
Non- Tax Revenue	11	1,207,373,930.00	1,127,077,920.00
Exchequer Issues	14	1,042,591,543.88	1,968,671,070.92
TOTAL REVENUE		2,249,965,473.88	3,095,748,990.92
EXPENSES			
Wages, Salaries and Employees Benefits	15	1,208,589,221.86	1,178,888,746.99
Use of Goods and Services	17	936,444,144.74	1,857,071,596.27
Routine Maintenance and Repair	19	58,302,820.94	77,324,858.77
Other Expenses	21	10,000,000.00	-
Loss on Provision for Expected Loss	33	25,077,139.35	38,287,524.20
Depreciation	22	44,028,520.49	94,382,500.49
TOTAL EXPENSES		2,282,441,847.38	3,245,955,226.72
Surplus/Deficit during the year		(32,476,373.50)	(150,206,235.80)

Signature:

Charles Saguda

Principal of Institute

Date:

17/02/2025

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STATEMENT OF CHANGE OF NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

	<u>Tax payer's fund's</u>	<u>Accumulated surplus/(deficit)</u>	<u>Total</u>
	TZS	TZS	TZS
At 01 July 2023	8,314,283,739.00	17,373,118.51	8,331,656,857.51
Surplus/Deficit for the year	-	(32,476,373.50)	(32,476,373.50)
Transfer to and from surplus/deficit	-	-	-
Other reserves	-	-	-
At 30 June 2024	8,314,283,739.00	(15,103,254.99)	8,299,180,484.01

			RESTATED
At 01 July 2022	8,314,283,739.00	229,320,218.03	8,543,603,957.03
Surplus for the year	-	(150,206,235.80)	(150,206,235.80)
Prior Year Adjustments	-	61,740,863.72)	(61,740,863.72)
Transfer to and from surplus/deficit	-	-	-
Other reserves	-	-	-
At 30 June 2023	8,314,283,739.00	17,373,118.51	8,331,656,857.51


Signature:

Charles Saguda
Principal of Institute

Date: 17/02/2023

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

<i>Receipts</i>	NOTE	2023/24	RESTATED 2022/23
		TZS	TZS
Non- Tax Revenue	12	984,648,470.00	1,149,580,320.00
Exchequer Issues	13	1,043,593,500.00	1,754,338,105.00
TOTAL RECEIPT		2,028,241,970.00	2,903,918,425.00
<i>Payments</i>			
Wages, Salaries and Employees Benefits	16	1,177,955,008.86	1,173,152,351.99
Use of Goods and Services	18	846,406,951.74	1,504,562,978.00
Routine Maintenance and Repair	20	45,070,190.94	66,509,798.77
Other Expenses	21	10,000,000.00	-
TOTAL PAYMENTS		2,079,432,151.54	2,744,225,128.76
Net cash outflow from operating activities		(51,190,181.54)	159,693,296.24
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of PPE		-	(25,220,000.00)
Construction WIP		-	(42,563,414.95)
Net cash outflow from investing activities		-	(67,783,414.95)
CASH FLOWS FROM FINANCING ACTIVITIES			
KKK Short term Loan	30	-	(250,000,000.00)
Net cash inflow from financing activities		-	(250,000,000.00)
Net increase (decrease) in cash and cash equivalents		(51,190,181.54)	(158,090,118.71)
Surrender to PMG	34	(1,001,956.12)	(255,234.08)
Cash and cash equivalents at beginning of period		190,888,173.19	349,233,525.98
Cash and cash equivalents at end of period		138,696,035.53	190,888,173.19

Signature: 
Charles Saguda
Principal of Institute

Date: 17/07/2025

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STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2024

Budget approved on the Cash Basis (Classification of Payment by Nature)

	Budget Amount			Actual Amounts on comparable Basis		Difference: Final Budget and Actual
	Original Budget	Reallocation/Adjustment		Final Budget	TZS	
	TZS	TZS		TZS	TZS	
RECEIPTS						
Exchequer issues	1,265,231,000.00			1,265,231,000.00	1,043,593,500.00	221,637,500.00
Non-Tax Revenue	6,123,890,000.00			6,123,890,000.00	984,648,470.00	5,139,241,530.00
TOTAL RECEIPTS	7,389,121,000.00			7,389,121,000.00	2,028,241,970.00	5,360,879,030.00
PAYMENTS						
Operations						
Wages, Salaries and Employee Benefits	1,983,665,000.00			1,983,665,000.00	1,177,955,008.86	805,709,991.14
Use of Goods and Services	2,128,918,000.00			2,128,918,000.00	846,406,951.74	1,282,511,048.26
Routine Maintenance and Repair	78,914,000.00			78,914,000.00	45,070,190.94	33,843,809.06
Other expenses	40,000,000.00			40,000,000.00	10,000,000.00	30,000,000.00
Acquisition of PPE	1,812,144,000.00			1,812,144,000.00	-	1,812,144,000.00
Construction WIP	1,095,480,000.00			1,095,480,000.00	-	1,095,480,000.00
KKK Loan repayment	250,000,000.00			250,000,000.00	-	250,000,000.00
TOTAL PAYMENTS	7,389,121,000.00			7,389,121,000.00	2,079,432,151.54	5,309,688,848.46
NET RECEIPT/ PAYMENTS	-			-	-51,190,181.54	

Signature: 
Charles Saguda
Principal of Institute

Date: 17/06/2025

Controller and Auditor General

AR/CG/TR.06/ARIMO/2023/24

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

1.0 GENERAL INFORMATION

PRINCIPAL PLACE OF BUSINESS Ardhi Institute P.O.BOX 155 MOROGORO-TANZANIA.	BANKERS National Micro Finance Bank Limited, Wami Branch, P.O Box 84 MOROGORO.
RESPONSIBILITY FOR ARIMO ACCOUNTS Principal, ArdhiInstitute P.O.BOX 155 MOROGORO -TANZANIA	Bank Of Tanzania (BOT) 2 Mirambo Street 11884 Dar Es Salaam P.O.Box 2939. DAR ES SALAAM
AUDITORS The Controller and Auditor General, National Audit Office, Audit House, 4 Ukaguzi Road, P.O.Box 950, 41104 Tambukareli, DODOMA-TANZANIA.	CRDB Bank Limited, Morogoro Branch, P.O. Box 352, MOROGORO.
LAWYER Office of the Attorney General, Government City Mtumba, Mwanasheria Street, P.O.Box 630, DODOMA -TANZANIA	.

2.0 REPORTING ENTITY

The financial statements are for the Ardhi Institute Morogoro

3.0 BASIS OF PREPARATION

Ardhi Institute Morogoro's Financial Statements comply with International Public Sector Accounting Standards - Accrual basis of accounting, the measurement bases applied historical cost to ascertain the deemed cost. The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently throughout the year. Furthermore, the financial statements have been prepared in accordance with Public Finance Act, Cap 348.

4.0 AUTHORIZATION DATE

The Financial Statements were authorized for issue on by



 Principal of Institute.

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Reporting Currency

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Government operates ("the primary functional currency"). The Financial Statements are presented in Tanzanian Shillings (TZS, which is the Government's functional and presentation currency).

5.2 Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefit will flow to the institute and revenue can reliably measure. Revenue is measured at fair value of the consideration received excluding discounts, rebates and sales tax or duty. Institute assesses its revenue against criteria in order to determine it is acting as principal or agent.

Revenue from Non exchange transaction

Allocation from Governments

These comprises of operation income (other charges) of the institute, staff salaries and development fund, these involves monthly cash allocations or special development fund received from government based on approved budget. The income is recognized when economic benefits will flow to the institute and can be measured reliably.

Tuition fee and consultancy fee

The institute recognize tuition fee from students and consultancy fee from citizens when they are probable that economic benefit will flow to the institute and can be measured reliably.

5.3 Cash and Cash Equivalent

Cash and cash equivalent include cash in hand, deposits at banks, and other short-term highly liquid investments with original maturities of three months or less and are measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5.4 Inventories

inventories include stationaries, office supplies, cleaning material and building materials. Inventories are measured at the lower of cost and net realisable value. Where inventories are acquired through a non-exchange transaction, their cost shall be measured as their fair value as at the date of acquisition. Costs incurred in bringing each product to its present location and condition, are accounted for first in first out.

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5.5 Employment benefits

Employee benefits include salaries and other related - employment costs. Employee benefits are recognized on an accrual basis.

ARIMO operates defined benefit plans. Defined plans and contribution rates for employers and employees are detailed below:

No.	Name of the Fund	Employer Contribution	Employee Contribution
1.	Public Service Social Security Fund	15%	5%

Additionally, ARIMO operates an insured health benefit plan where contributions are made both by the employer and employee, each contributing 3% of the gross salary of the respective employee.

5.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value if any. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. PPE for ARIMO includes land, office buildings and staff houses, furniture and equipment and motor vehicles. Property, plant and equipment are accounted using cost model. By using cost model, the asset is carried at cost less accumulated depreciation and accumulated impairment, if any.

In case of major repair performed, its cost is recognized in the carrying amount of property, plant and equipment if its recognition criteria are satisfied. All other expenditure for repairs and maintenance of property, plant and equipment are charged to statement of financial performance in the financial period in which they are incurred.

Work in progress includes construction cost of classrooms, cost of construction of work in progress are recognized when it is probable future economic benefits associated with asset will flow to the institute and costs can be measured reliably. It is recorded as separate item under property, plant and equipment until a time they are ready for intended use. Work in progress is not depreciated until a when they are ready for use. the recognition upon completion of construction, cost of an asset under work in progress are transferred to respective property, plant and equipment category.

The institute management conduct review of the useful life of its assets at least at each financial year end.

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Depreciation

ARIMO has adopted a straight-line method for the depreciation of Public Assets which is allocated systematically over the useful life of the respective assets as issued in Public Finance Act Cap 348, Public Finance (Management of Public Property) Regulations 2024. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life. The prevailing International Standard for depreciation shall be applied over the useful life of the assets. In accordance with the Generally Acceptable Valuation Principles (GAVP), depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration and functional and economic obsolescence.

Estimated Useful Life (EUL)

Assets ran an economic life peculiar to themselves depending on make, constant handling and operational use. Some assets are continued in use much beyond the EUL due to periodical maintenance and repairs. Assets expected life are projected in ranges as follows:

Description	Years
Administration assets	
Leasehold land	Over the lease term
Buildings - Schools	50
Plant and machinery	15
Furniture, fixtures and equipment	10
Motor vehicles	
▪ Heavy duty (5 tons and above)	20
▪ Light duty (below 5 tons)	10
Motorcycle	7
Computer hardware	8
Other Equipment	25
Servers	10
Library books	10

5.7 Financial instruments

The Entity recognises financial instruments when it becomes party to the contractual provisions.

Financial Assets

Initial and Subsequent Measurement

Financial assets are initially measured at fair value and subsequently measured as per following criteria:

- i. The management model within which the Financial Asset is held.
- ii. The characteristics of contractual cash flows are solely payments of Principal and Interest.

Classification of Financial Assets

Classification is based on the criteria mentioned above, as a result the following classes of financial instruments arise namely;

- i. Financial assets at Amortized Cost,
- ii. Financial asset at Fair Value through Net asset/ Equity, and
- iii. Financial asset at Fair Value through Surplus or Deficit.

Financial Assets at Amortized cost

Financial Assets are subsequently measured at Amortized Cost if both of the following conditions are met;

1. The financial asset is held within a management model whose objective is to hold financial assets to collect contractual cash flow and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

This includes cash and cash equivalent

Financial Assets at Fair Value through Net Assets/Equity

Financial assets are subsequently measured at fair value through net assets or equity if both of the following conditions are met;

1. The financial asset is held within management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
2. The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Fair Value through Surplus/Deficit

Financial Assets are subsequently measured at Fair Value through Surplus /Deficit unless they are measured at amortized costs or fair values through net assets/equity based on conditions mentioned above.

Impairment of financial assets

The impairment of financial asset is calculated using expected credit losses model. The Entity recognizes loss allowances (Expected Credit Losses (ECL) on all financial assets except those that are measured at FVTSD and credit impaired financial assets. The Ardhi institute Morogoro uses the simplified approach in determining the impairment of receivable. A loss allowance is calculated at each reporting date however, the ECL model is updated on annual basis to accommodate any event that might cause significant increase in credit risks on financial asset. The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on twelve month expected

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credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows: Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

Inputs into measurement of ECLs

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

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

EAD is based on the amounts the Entity expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

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

Moreover, Institute operates with CRDB Bank, NMB Bank and Bank of Tanzania, CRDB bank has a global ratings of B2 from Moody's and NMB Bank has a global ratings of B2 from Moody's both of them has Probability of Default (PD) of 0.0216.

Derecognition financial assets

The Entity derecognizes a financial asset when:

- a) The contractual rights to the cash flows from the financial asset expire; or
- b) It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - The Entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When The Entity enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

Recognition

Financial liabilities are recognized when the Entity has contractual obligation to deliver cash as a result of goods or services received.

Measurement

Financial liabilities are initially measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.

Derecognition

The Entity derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Entity also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit

5.8 Taxpayer's fund

Previously revenue related to assets were not recognized upfront after satisfying all the conditions related to the funds transferred from the consolidated Fund to meet individual Government entities' needs as approved in the Appropriation Act.

ARIMO complies with the requirement of Para 12 of IPSAS 23 which states that "revenue comprises gross inflows of economic benefit or service potential received and receivable by the reporting entity, which represents an increase in net Assets/Equity (Taxpayer funds for our case)".

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6.0 RELATED PARTY DISCLOSURE

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating

Decisions. Key management personnel are considered to have a significant influence on the operations of the institutes' activities. Key management personnel include the Principal and the Board of Directors, the total sum of TZS 138,940,000 was incurred for the year ended 30 June 2024.

Title	No	Quarterly Director fee	Monthly Basic Salary	Monthly Housing Allowance	Monthly Madaraka Allowance	Monthly Utility Allowance	Annual Total (TZS)
Principal	1		4,700,000.00	800,000.00	520,000.00	225,000.00	74,940,000.00
Chairman	1	2,000,000.00	0	0	0	0	8,000,000.00
Members	8	1,750,000.00	0	0	0	0	56,000,000.00
Total							138,940,000.00

7.0 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the ARIMO financial statements 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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

7.1 Judgements

In the process of applying the Government's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

7.2 Determination of the useful lives of Property, Plant and Equipment

Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

8.0 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

8.1 CHANGE IN ACCOUNTING POLICY

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

The Impact of change in Accounting Policy

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

No	Name of the Bank	Rating Agency	Score	Probability of Default (PD)
1	CRDB BANK PLC	Moody's	B2	0.0216
2	NMB BANK PLC	Moody's	B2	0.0216

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The impact of IPSAS 41 in the statement of Financial Position and the statement of performance.

DESCRIPTION	CASH AND BANK BALANCE (TZS)	RECEIVABLES (TZS)	ACCUMULATED SURPLUS (TZS)	REASON
FINANCIAL YEAR 2022/23	190,888,173.19	943,025,825.00	55,660,642.71	
EXPECTED CREDIT LOSS	0	38,287,524.20	38,287,524.20	Change in Accounting Policy
RESTATED BALANCE	190,888,173.19	904,738,300.80	17,373,118.51	Change in Accounting Policy

8.2 CORRECTION OF ERRORS

During the year under review, the institute made adjustments in the year 2023/24 to restate some of the figures to reflect changes/corrections of errors noted: The accounts affected are as listed below:

8.2.1 Adjustment for PPE Overcharged Depreciation

The institute overcharged depreciation of equipment and furniture by TZS 34,486,677.01 whereby furniture overcharged depreciation is TZS 24,354,944.64 and equipment overcharged is TZS 10,131,732.37. Adjustment has been done retrospectively to derecognize overcharged depreciation caused by untimely useful life review. The correction of aforementioned error resulted to restatement of PPE and accumulated surplus.

Component	Note	Restated amount in 2022/23(TZS)	Closing Balance 2022/23 (TZS)	Variance (TZS)	Remarks
Property, Plant and Equipment	27	8,014,536,141.77	8,049,022,818.78	34,486,677.01	Restatement was done to correct overcharged depreciation of equipment and furniture by TZS 34,486,677.01 where furniture overcharged depreciation is TZS 24,354,944.64 and for equipment is TZS 10,131,732.37. CORRECTION ENTRIES DR Accumulated Depreciation TZS 34,486,677.01 CR Accumulated Surplus TZS 34,486,677.01

8.2.2 Adjustment for Payable understatement.

The value of payable was restated due to under casting of payable in the financial year 2022/23 by TZS 2,700,000. The restatement was done retrospectively to correct error.

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Component	Note	Restated amount in 2022/23 (TZS)	Closing Balance 2022/23 (TZS)	Variance (TZS)	Remarks
Payables	29	58,701,795.00	61,401,795.00	2,700,000.00	The balance of Payable was restated by 2,700,000.00 to add the under casted amount of hostel rent that was wrongly in omitted. CORRECTION ENTRIES DR Accumulated Surplus TZS 2,700,000 CR Payable TZS 2,700,000.00

8.2.3 Adjustment for Receivable overstatement.

During the year under review institute conducted review of receivables balance and noted that TZS 31,486,400.00 of receivable were incorrectly booked. Also, management noted that TZS 15,436,300.00 of the receivable amount involve students who had paid their dues and were not updated on time further more TZS 49,049,607.00 of receivable amount presented in the financial statement related to student who had discontinued and some who postponed their studies the time to resume studies is overdue. The aforementioned errors noted they have been corrected retrospectively and value of receivable has been restated by TZS 95,972,307.00 as shown below.

Component	Note	Restated amount in 2022/23(TZS)	Closing Balance 2022/23(TZS)	Variance (TZS)	Remarks
Receivables	24	1,038,998,132.00	943,025,825.00	95,972,307.00	The restatement was done to correct the opening balance of receivables by TZS 95,972,307.00 which were overstated due to errors: TZS 31,486,400.00 were incorrectly booked and wrongly carried forward. TZS 15,436,300.00 of the receivable amount involve students who had paid their dues but was not updated on time. Then after presented as receivables. TZS 49,049,607.00 of receivable amount presented in the financial statement related to student who had discontinued and postponed their studies. CORRECTION ENTRIES DR Accumulated Surplus TZS 95,972,307.00 CR Receivable 95,972,307.00

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8.2.4 Cash and cash equivalent restatement

The balance of cash and cash equivalents was restated by TZS 255,234.08. This amount comprises TZS 52,400.00 development fund and TZS 202,233.08 personal emoluments deduction balances as of 30 June 2023 in TSA account number 992118001. This balance was erroneously included in the balance of cash and cash equivalent while in actual sense the amount has been transferred to PMG. Adjustment has been done and cash and cash equivalent balances were restated.

Component	Note	Restated amount in 2022/23(TZS)	Closing Balance 2022/2023 (TZS)	Variance (TZS)	Remarks
Cash and Cash Equivalents		191,143,407.27	190,888,173.19	255,234.08	The balance of cash and cash equivalents was restated by TZS 255,234.08. to remove the overstated balance which was wrongly included in the balance of cash and cash equivalents. However, this amount was transferred to Pay Master General at the end of 2022/23 financial year. CORRECTION ENTRIES DR Accumulated surplus TZS 255,234.08 CR Cash and Cash Equivalents TZS 255,234.08

8.3 FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance and some amendments thereon which might have an impact on the Institute's financial statements are listed below. This listing of standards issued is those that the Institute reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The entity intends to adopt these standards when they become effective

a) IPSAS 43 'Leases'

IPSAS 43, 'Leases' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2022. The objective of the standard is to set out the principles for the recognition, measurement, preparation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. This is also to ensure that the entity shall consider the terms and

conditions of contracts and all relevant facts and circumstances when applying this standard. An entity shall apply this standard consistently to contracts with similar characteristics and in similar circumstances. This standard is effective for financial statements beginning on or after 1 January 2025 and earlier application is permitted for entities that apply IPSAS 41, at or before the date of initial application of this standard. The standard will have no impact on the Financial Statements of the Institute.

b) IPSAS 44 ‘Non-Current Assets held for Sale and Discontinued Operations’

IPSAS 44, ‘Non-Current Assets held for Sale and Discontinued Operations’ was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2022. The objective of the standard is to specify the accounting for Assets held for sale, and the presentation and disclosure of discontinued operations. In particular, this standard requires.

- Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and
- Assets that meet the criteria to be classified as held for sale are to be presented separately in the statement of financial position and the results of discontinued operations are to be presented separately in the statement of financial performance.

This standard is effective for financial statements beginning on or after 1 January 2025.

c) IPSAS 45 ‘Property, plant and equipment’

IPSAS 45 ‘Property, plant and equipment’ was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2023, this replaces IPSAS 17 ‘Property, plant, and equipment. The main objective of this Standard is to prescribe the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity’s investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

IPSAS 45 intends to update principles drawn from IPSAS 17, Property, Plant, and Equipment by adding new guidance for heritage assets, infrastructure assets, and measurement of property, plant, and equipment. The standard is Effective for annual periods beginning on or after 1st January 2025. Earlier application is permitted for entities that apply IPSAS 43, IPSAS 44, and IPSAS 46 at or before the date of initial application of the Standard.