



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



**TANZANIA COTTON BOARD
(TCB)**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2025**

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March 2026

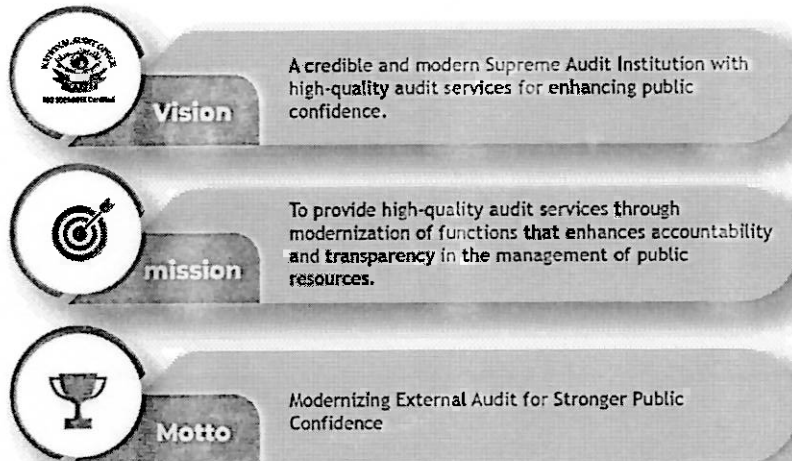
AR/PA/TCB/2024/25

About the National Audit Office

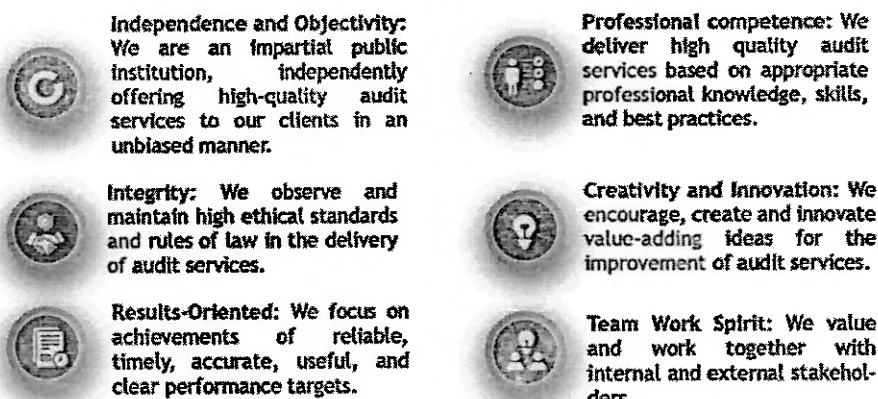
Mandate

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.

NAOT Vision, Mission & Motto



Core Values



© This audit report is intended to be used by Tanzania Cotton Board (TCB) 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.

TABLE OF CONTENTS

Abbreviations.....	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS.....	4
2.0 REPORT WITH THOSE CHARGED BY GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2025	6
3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025	28
4.0 DECLARATION OF THE DIRECTOR OF FINANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025	31
5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025	32

Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
CAG	Controller and Auditor General
CDTF	Cotton Development Trust Fund
DC	District Council
DG	Director General
GA	Gatsby Africa
HVI	High Voltage Instrument
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standard of Supreme Audit Institutions
IT	Information Technology
MC	Municipal Council
PPA	Public Procurement Act
PSSSF	Public Service Social Security Fund
TBS	Tanzania Bureau of Standards
TCB	Tanzania Cotton Board
TCLSB	Tanzania Cotton Lint and Seed Board
TFRS	Tanzania Financial Reporting Standards
TZS	Tanzanian Shillings
URT	United Republic of Tanzania
VAT	Value Added Tax

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board,
Tanzania Cotton Board,
P.O. Box 61,
Mwanza.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Cotton Board (TCB), which comprise the statement of financial position as at 30 June 2025, 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 the Tanzania Cotton Board (TCB), as at 30 June 2025, 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, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in 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 the Tanzania Cotton Board (TCB) 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 Director's Report, statement of Directors 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.

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 conducted a compliance audit of the procurement of works, goods and services at Tanzania Cotton Board (TCB) for the year ended 30 June 2025 as per the Public Procurement Act, 2023, the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts, and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award, and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matter described below, Tanzania Cotton Board (TCB) generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

i) Procurement Made Outside the NeST System Amounting to TZS 46,060,000

Section 73 (1) of the Public Procurement, 2023 requires procuring entities to ensure procurement, supply and disposal of assets functions are implemented and reported through the electronic public procurement system. However, Circular No. PST/GEN/2023/01/67 dated 1 October 2023 issued by the Permanent Secretary, Treasury, directed that all public procuring entities in Mainland Tanzania adopt and use the National e-Procurement System of Tanzania (NeST) for conducting public procurement activities.

My review of the Board's procurement activities revealed that Tender No. TR95/2024/2025/G/62 valued at TZS 46,060,000 for the supply of banners, fliers, T-shirts, and caps was conducted outside the NeST system.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at Tanzania Cotton Board (TCB) for the year ended 30 June 2025, as per the Budget Act, Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the

entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that Tanzania Cotton Board (TCB) complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2026



TANZANIA COTTON BOARD

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

The Board of Directors is required under section 49 of the Cotton Industry Act No. 2 of 2001 to keep truthful and complete financial records. The Board is also required to prepare financial statements which give a true and fair view of the state of affairs of the Cotton Board and its activities as at the end of the financial year.

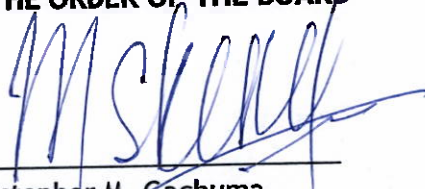
The Board is also required to ensure that it keeps proper accounting records, which disclose, at any time, the financial position of the Board with reasonable accuracy and completeness. The Board is also responsible for maintenance of sound and adequate systems of internal controls for safeguarding the assets of the Board and preventing and detecting errors, fraud and other irregularities. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Director accept responsibility for the Board's annual financial statements and confirm that they have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and are in conformity with the International Public Sector Accounting Standards (IPSAS) in force at the reporting date and in the manner required by the local law and GAAP. The management together with the Board are of the opinion that the financial statements give a true and fair view of the state of affairs of Tanzania Cotton Board and of its operating results, cash flows and changes in net assets for the year then ended.

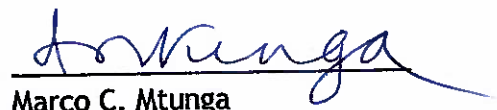
Nothing came to the attention of the Board to suggest that TCB had any solvency problem or that it could fail to continue in existence for the foreseeable future or fail to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on going concern basis.

Signed on behalf of the Board of Directors by:

BY THE ORDER OF THE BOARD



Christopher M. Gachuma
Chairman of the Board



Marco C. Mtunga
Director General

Date: 27/3/2026

TANZANIA COTTON BOARD

4.0 DECLARATION OF THE DIRECTOR OF FINANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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

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

I, CPA Simon Makandilo, being the Director of Finance of Tanzania Cotton Board do hereby acknowledge my responsibility of ensuring that financial statements for the year ended on 30 June 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

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


Signed by:
ACPA Simon Makandilo
Position: Director of Finance and Administration,
NBAA Membership No. ACPA-1906,

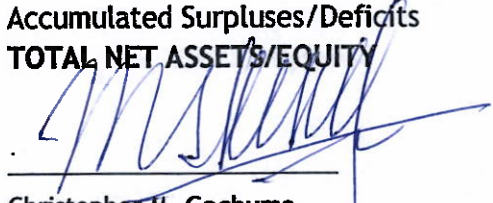
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TANZANIA COTTON BOARD

5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

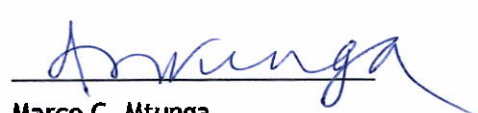
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

ASSETS		2025	2024 RESTATED
Current Asset	Note	TZS ('000)	TZS ('000)
Cash and Cash Equivalents	14	806,393	1,177,901
Trade Receivables	15	3,454,809	2,791,022
Loan receivable	16	224,548	56,387
Inventories	17	4,883	4,812
Total current assets		4,490,633	4,030,122
Non-Current Asset			
Investment Property	18	24,693,816	25,031,208
Property, Plant and Equipment	19	37,332,776	37,072,979
Intangible Assets	20	4,285	7,329
Work In Progress	23	236,933	0
Total Non-Current Asset		62,267,810	62,111,516
TOTAL ASSETS		66,758,443	66,141,638
LIABILITIES			
Current Liabilities			
Other Borrowings by Government entities	28(i)	280,000	1,383,120
Payables and Accruals		2,056,347	1,337,866
Deferred Income	26	108	6,245
Deposits	27	297,111	925,096
Total Current Liabilities		2,633,566	3,652,327
Non-Current Liabilities			
Other Borrowings by Government entities	28(ii)	4,212,277	3,459,157
Payable and Accruals (Long Term)	29	868,190	865,717
Total Non-Current Liabilities		5,080,467	4,324,874
TOTAL LIABILITIES		7,714,033	7,977,201
Net Assets		59,044,410	58,164,437
NET ASSETS/EQUITY			
Capital Contributed by:			
Taxpayers Fund/Share Capital	24	5,113,690	5,113,690
Accumulated Surpluses/Deficits	25	53,930,720	53,050,747
TOTAL NET ASSETS/EQUITY		59,044,410	58,164,437


Christopher M. Gachuma
Chairman of the Board

Date:

27/3/2026

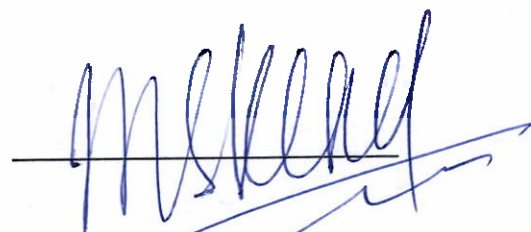

Marco C. Mtunga
Director General

TANZANIA COTTON BOARD

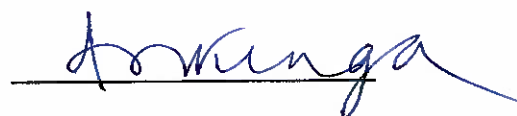
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2025

		2025	2024 RESTATE
	Note	TZS '000'	TZS '000'
REVENUE			
Revenue Grants	3(i)	1,755,976	1,572,140
Revenue from Exchange Transactions	4	4,305,547	3,543,148
Fees, Fines, Penalties and Forfeits	5	30,870	22,085
Gain on Foreign Currency Translation	6	0	375,805
Other Revenue	7(i)	101,610	248,376
Release of ECL	7(ii)	204,003	
		4,642,030	4,189,414
TOTAL REVENUE		6,398,006	5,761,554
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	8(i)	3,156,511	3,034,789
Use of Goods and Service	9(i)	1,053,270	1,995,181
Maintenance Expenses	10	167,602	158,541
Provision for ECL Receivables	11	-	212,291
Other Expenses	12	465,471	465,962
Depreciation of Investment Property - Carried at Cost	18	428,092	426,511
Depreciation of Property, Plant and Equipment	19	204,043	231,592
Amortization of Intangible Assets	20	3,044	3,045
Total Expenses		5,478,033	6,527,912
Transfer			
Other Transfers	13	40,000	20,000
Total Transfer		40,000	20,000
TOTAL EXPENSES AND TRANSFERS		5,518,033	6,547,912
Surplus /(Deficit)		879,973	(786,358)

Notes form part of the financial statements



Christopher M. Gachuma
Chairman of the Board



Marco C. Mtunga
Director General

Date: 27/3/2026

Controller and Auditor General

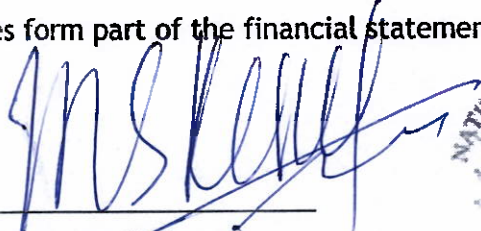
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TANZANIA COTTON BOARD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2025

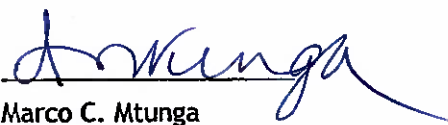
	Tax Payer's Fund	Accum. Surplus/(Deficit) TZS '000'	Total TZS '000'
	TZS '000'		
Opening Balance as at 01 Jul 2024-Restated	5,113,690	53,050,747	58,164,437
Surplus/ Deficit for the Year		879,973	879,973
Closing Balance as at 30 Jun 2025	5,113,690	53,930,720	59,044,410
Opening Balance as at 01 Jul 2023	5,113,690	53,690,398	58,804,088
Other Appropriations		146,707	146,707
Surplus/Deficit for the Year- Restated	0	(786,358)	(786,358)
Closing Balance as at 30 Jun 2024	5,113,690	53,050,747	58,164,437

Notes form part of the financial statements


 Christopher M. Gachuma
 Chairman of the Board



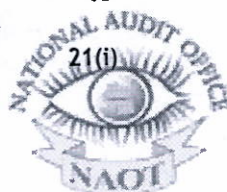
Date: 27/3/2026


 Marco C. Mtunga
 Director General

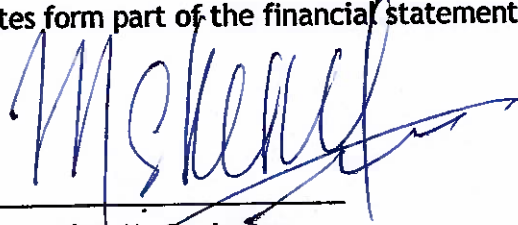
TANZANIA COTTON BOARD

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 June 2025

		2024/25	2023/24
		TZS ('000)	RESTATED TZS ('000)
RECEIPTS			
Revenue Grants	3(ii)	1,749,839	1,578,385
Revenue from Exchange Transactions	4(ii)	3,649,338	2,891,810
Other Revenue	7(i)	101,610	248,376
Release of ECL		204,003	
Fees, Fines, Penalties and Forfeits	5	30,870	22,085
Total Receipts		5,735,660	4,740,656
PAYMENTS			
Wages, Salaries and Employee Benefits	8(ii)	2,898,530	3,017,456
Use of Goods and Service	9(ii)	700,308	834,083
Other Transfers	13	40,000	20,000
Other Expenses	12	363,110	428,150
Maintenance Expenses	10	167,602	158,541
Decrease in Deposit		627,986	379,682
Total Payments		4,797,536	4,837,912
NET CASH FLOW FROM OPERATING ACTIVITIES		938,124	(97,256)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Work in Progress	23	(236,933)	-
Acquisition of Property, Plant and Equipment	19	(463,840)	(17,741)
Acquisition of Investment Property	18	(90,699)	-
NET CASH FLOW FROM INVESTING ACTIVITIES		(791,472)	(17,741)
CASH FLOW FROM FINANCING ACTIVITIES			
Financing Activities	21(i)		
Loan Receivable issued		(168,160)	(3,259)
Cash proceeds from other short or long-term borrowings		<u>(350,000)</u>	<u>(70,00)</u>
Total Financing Activities		<u>(518,160)</u>	<u>(73,259)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES		(518,160)	(73,259)
Net Increase	21(iii)	(371,508)	(188,256)
Effect of Foreign Currency Changes		0	375,805
Cash and cash equivalent at beginning of period		1,177,901	990,352
Cash and cash equivalent at end of period	15(ii)	806,393	1,177,901



Notes form part of the financial statements



 Christopher M. Gachuma

Chairman of the Board



 Marco C. Mtunga
 Director General

Date: 27/3/2026

TANZANIA COTTON BOARD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE PERIOD ENDED 30 June 2025

	Original Budget	Reallocations / Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Variance Final Budget & Actual (B-A) TZS '000'
RECEIPTS	TZS ('000)	TZS '000'	TZS '000'	TZS '000'	
Subvention from Other Government Entities					
Revenue Grants	1,524,491	-	1,524,491	1,749,839	(225,348)
Revenue from Exchange Transactions	4,651,753	-	4,651,753	3,853,341	798,412
Other Revenue	-	-	-	101,610	(101,610)
Financing Income	7,314,473		7,314,473		7,314,473
Fees, Fines, Penalties and Forfeits	-	-	-	30,870	(30,870)
Total Receipts	13,490,717		13,490,717	5,735,660	7,755,057
PAYMENTS					
Wages, Salaries and Employee Benefits	4,606,759	(278,510)	4,328,249	2,898,530	1,429,719
Use of Goods and Service	4,742,964	143,056	4,886,020	700,308	3,948,779
Other Transfers	40,000	0	40,000	40,000	0
Other Expenses	923,840	254,471	1,178,311	363,110	815,201
Maintenance Expenses	1,354,400	(79,017)	1,275,383	167,602	1,107,781
Decrease in Deposit	0		0	627,985	(627,985)
Payment for Work in Progress				236,933	
Advances and Loans Payment made to other parties	0	0	0	350,000	(350,000)
Acquisition of Property, Plant and Equipment	1,326,003	(40,000)	1,286,003	463,840	822,163
Acquisition of Investment Property	-	-	-	90,699	(90,699)
Loan Receivable issued	-	-	-	168,161	(168,161)
Total Payment	12,993,966	-	12,993,966	6,107,168	6,886,798
Net Receipts/Payments	496,751		496,751	(371,508)	868,259

Notes form part of the financial statements

Christopher M. Gachuma
Chairman of the Board


Marco C. Mtunga
Director General

Date: 27/3/2026