



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ISO 9001:2015 Certified

**TANZANIA COTTON BOARD
(TCB)**

**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.
Tel: 255 (026) 2161200-9,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

March 2025

AR/PA/TCB/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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TABLE OF CONTENTS

Abbreviations.....	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
2.0 REPORT WITH THOSE CHARGED BY GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024.....	5
3.0 STATEMENT OF DIRECTORS RESPONSIBILITY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024	26
4.0 DECLARATION OF THE DIRECTOR OF FINANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 .	27
5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024	28

Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
CAG	Controller and Auditor General
CDTF	Cotton Development Trust Fund
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, which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Report by those charged with governance, statement of management responsibility, Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

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

Conclusion

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

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

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

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Tanzania Cotton Board is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


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



TANZANIA COTTON BOARD

3.0 STATEMENT OF DIRECTORS RESPONSIBILITY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The Board of Director 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 Cotton Board and its activities as at the end of the financial year.

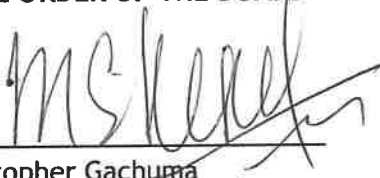
The Board is also required to ensure that the Board keeps proper accounting records, which disclose, at any time, the financial position of the Board with reasonable accuracy and completeness. The Board is also responsible for maintenance of sound and adequate systems of internal controls for safeguarding 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 Gachuma
Chairman of the Board


Marco C. Mtunga
Director General

Date: 18/3/2025

TANZANIA COTTON BOARD

4.0 DECLARATION OF THE DIRECTOR OF FINANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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 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 Tanzania Cotton Board as on that date and that they have been prepared based on properly maintained financial records.


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

Date: 18/03/2025

TANZANIA COTTON BOARD

5.0 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		2023/24	2022/23 RESTATED
ASSETS			
Current Asset	Note	TZS ('000)	TZS ('000)
Cash and Cash Equivalents	15	1,165,698	980,700
Receivables	16	2,776,333	2,329,858
Prepayments	17	0	14,746
Inventories	18	4,812	8,223
Total Current Asset		3,946,843	3,333,527
Non-Current Asset			
Investment Property	19	25,062,685	25,489,197
Property, Plant and Equipment	20	36,894,796	37,108,647
Intangible Assets	21	7,329	10,372
Total Non-Current Asset		61,964,810	62,608,216
TOTAL ASSETS		65,911,653	65,941,743
LIABILITIES			
Current Liabilities			
Payables and Accruals	23	1,337,866	1,012,981
Deferred Income	26	6,245	0
Deposits	27	925,096	1,304,865
Total Current Liabilities		2,269,207	2,317,846
Non-Current Liabilities			
Other Borrowings by Government Entities	28	4,842,277	4,416,552
Payables and Accruals (Long Term)	29	865,717	484,073
Total Non-Current Liabilities		5,707,994	4,900,625
TOTAL LIABILITIES		7,977,201	7,218,471
Net Assets		57,934,452	58,723,272
NET ASSETS/EQUITY			
Capital Contributed by:			
Taxpayers Fund/Share Capital	24	5,113,690	5,113,690
Accumulated Surpluses/Deficits	25	52,820,762	53,609,582
TOTAL NET ASSETS/EQUITY		57,934,452	58,723,272


 Christopher Gachuma
 Chairman of the Board


 Marco C. Mtunga
 Director General

Date: 18/3/2025

TANZANIA COTTON BOARD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2024

		2023/24	2022/23 RESTATED
	Note	TZS ('000)	TZS ('000)
REVENUE			
Revenue Grants	3	1,572,140	1,548,782
Revenue from Exchange Transactions	4	3,543,148	3,758,499
Fees, Fines, Penalties and Forfeits	5	22,085	18,559
Gain on Foreign Currency Translation	7	375,805	13,587
Other Revenue	8	248,376	163,214
TOTAL REVENUE		5,761,554	5,502,641
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	9(i)	3,034,786	2,686,167
Use of Goods and Service	10(i)	1,995,181	1,586,759
Maintenance Expenses	11	158,541	336,237
Provision for ECL Receivables	12	212,291	1,165,104
Provision for ECL cash and cash equivalent	15	2,465	9,739
Other Expenses	13	465,962	414,846
Depreciation of Investment Property - Carried at Cost	19	426,512	427,775
Depreciation of Property, Plant and Equipment	20	231,592	292,896
Amortization of Intangible Assets	21	3,044	3,044
Total Expenses		6,530,374	6,922,567
Transfer			
Other Transfers	14	20,000	0
Total Transfer		20,000	0
TOTAL EXPENSES AND TRANSFERS		6,550,374	6,922,567
Surplus /(Deficit)		(788,820)	(1,419,926)

Notes form part of the financial statements


 Christopher Gachuma
 Chairman of the Board


 Marco C. Mtunga
 Director General

Date: 18/3/2025

TANZANIA COTTON BOARD

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30 June 2024

		2023/24	2022/23 RESTATED
RECEIPTS		TZS ('000)	TZS ('000)
Revenue Grants	3	1,578,385	1,473,965
Revenue from Exchange Transactions	4	2,891,809	2,878,941
Other Revenue	8	248,376	163,214
Increase in Deposit		0	207,088
Fees, Fines, Penalties and Forfeits	5	22,085	18,559
External Assistance		0	74,817
Total Receipts		4,740,655	4816584
PAYMENTS			
Wages, Salaries and Employee Benefits	9(ii)	3,017,455	2,828,746
Use of Goods and Service	10(ii)	834,082	759,322
Other Transfers	14	20,000	1
Other Expenses	13	428,150	775,175
Maintenance Expenses	11	158,541	336,238
Decrease in Deposit		379,769	0
Advances and Loans Payment made to other parties		3,259	53,128
Total Payments		4,841,256	14385778
NET CASH FLOW FROM OPERATING ACTIVITIES		(100,602)	63,974
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	20	(17,741)	(49,197)
Acquisition of Investment Property		0	(63,886)
Total Investing Activities		(17,741)	(113,083)
NET CASH FLOW FROM INVESTING ACTIVITIES		(17,741)	(113,083)
CASH FLOW FROM FINANCING ACTIVITIES			
Financing Activities	22(ii)	(70,000)	(50,000)
NET CASH FLOW FROM FINANCING ACTIVITIES		(70,000)	(50,000)
Net Increase	22(iii)	(188,343)	(99,109)
Effect of Foreign Currency Changes	7	375,805	13,589
Cash and cash equivalent at beginning of period		990,439	1,075,959
Cash and cash equivalent at end of period	15(ii)	1,177,902	990,439

Notes form part of the financial statements


 Christopher Gachuma
 Chairman of the Board


 Marco C. Mtunga
 Director General

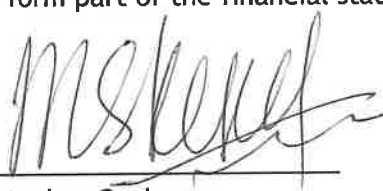
Date: 18/3/2025

TANZANIA COTTON BOARD

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

	Tax Payer's Fund TZS ('000)	Accum. Surplus/(Deficit) TZS ('000)	Total TZS ('000)
Opening Balance as at 01 Jul 2023-Restated	5,113,690	53,609,582	58,723,272
Surplus/ Deficit for the Year	0	(788,820)	(788,820)
Closing Balance as at 30 Jun 2024	5,113,690	52,820,762	57,934,452
Opening Balance as at 01 Jul 2022	5,113,690	54,026,072	59,139,762
Provision for ECL Reversal		1,003,436	1,003,436
Surplus/Deficit for the Year-Restated	0	(1,419,926)	(1,419,926)
Closing Balance as at 30 Jun 2023	5,113,690	53,609,582	58,723,272

Notes form part of the financial statements



Christopher Gachuma
Chairman of the Board



Marco C. Mtunga
Director General

Date: 18/3/2025

TANZANIA COTTON BOARD

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

	Original Budget	Reallocations /Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Difference Final Budget & Actual (B-A)
RECEIPTS	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)
Subvention from Other Government Entities					
Revenue Grants	3,463,048	-	3,463,048	1,578,385	1,884,663
Revenue from Exchange Transactions	4,111,742	-	4,111,742	2,891,809	1,219,933
Other Revenue	898,863	-	898,863	248,376	650,487
Financing Income	3,760,032	-	3,760,032	-	3,760,032
Fees, Fines, Penalties and Forfeits	-	-	-	22,086	(22,086)
Total Receipts	12,233,685		12,233,685	4,740,655	6,895,980
PAYMENTS					
Wages, Salaries and Employee Benefits	3,325,666	681,249	4,006,915	3,017,455	989,460
Use of Goods and Service	4,428,113	624,705	5,052,818	834,083	4,218,736
Other Transfers	-	-	-	20,000	(20,000)
Other Expenses	1,500,271	(427,498)	1,072,773	428,150	644,623
Maintenance Expenses	1,229,572	(256,959)	972,613	158,541	814,072
Decrease in Deposit	-	-	-	379,769	(379,769)
Advances and Loans Payment made to other parties	-	-	-	3,259	(3,259)
Acquisition of Property, Plant and Equipment	1,724,863	(761,497)	963,365	17,741	945,624
Acquisition of Intangibles	25,200	-	25,200	-	25,200
Cash proceeds from other short or long-term borrowings	-	140,000	140,000	70,000	70,000
Total Payment	12,233,685		12,233,685	4,928,998	7,399,687
Net Receipts/Payments	-			(188,343)	(408,707)

Notes form part of the financial statements



Christopher Gachuma
Chairman of the Board



Marco C. Mtunga
Director General

Date: 18/3/2025