



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



ISO 9001:2015 Certified

AGRICULTURAL SEED AGENCY (ASA)

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

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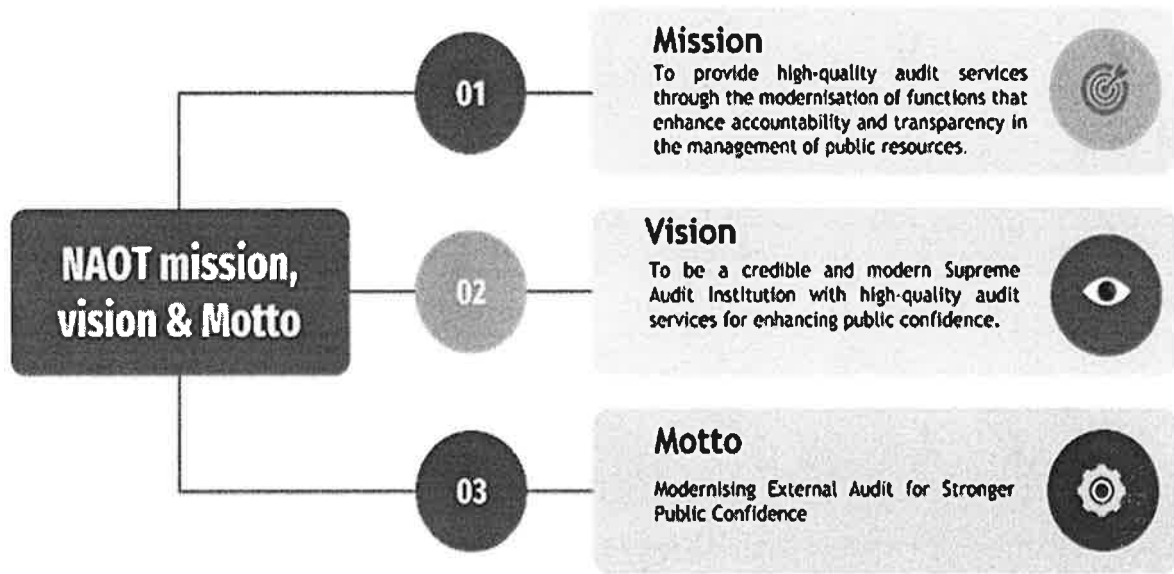
February 2024

AR/CG/ASA/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2021]



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.

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

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Abbreviations

IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LAAC	Local Authorities Accounts Committee
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

Chairperson of the Board,
Agriculture Seed Agency,
P.O. Box 364,
MOROGORO, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

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

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

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Agricultural Seed Agency 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 or any other equivalent report, statement of management responsibility, or Declaration by the Head of Finance but does not include the financial statements and my audit report thereon that 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 [R.E 2021] 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 [R.E 2022] requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATION

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 Agricultural Seed Agency for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, the procurement of goods, works and services of Agricultural Seed Agency is generally in compliance with the requirements of the Public Procurement laws.

Ineffective Implementation Procurement Plans TZS 17,385,000,000

Regulation 68 (3) of the Public Procurement Regulations, 2013 requires the actual time (timescale) for each procurement to be calculated on the basis of the standard processing times stipulated in the Eighth and Twelfth schedules of the same regulations to allow any necessary margin for delays in transmission of documents or clarification of tenders or proposals. Further, Regulation 69 (7) of the same Regulations requires a procuring entity to draw up procurement plans of the requirements for which sufficient funds have been budgeted for.

For the financial year under review, the Agency planned to procure 45 consulting services, goods, non-consulting services and works valued at TZS 42,050,956,967. However, by 30 June 2023 actual procurement was 20 contracts amounting to TZS 24,665,275,993. This resulted into unimplemented procurement plan valued at TZS 17,385,680,974.

Procurement Above the Budgeted Amount

Regulation 16 (2) of the Public Procurement Regulations 2013 requires a procurement entity to reject tender that exceeds the budgetary resources available. Further, Regulation 69 (6) of the Public Procurement Regulations 2013 requires a procuring entity to prepare its estimates based on prevailing market prices as provided by the Authority and updated from time to time.

However, during the financial year 2022/23, that the Agency awarded seven contracts that exceeded the budgeted amount by TZS 2,491,000,000 contrary to the above cited Regulation.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

1.2.2.1 Subject matter: Budget Formulation and Execution

I performed a compliance audit on budget formulation and execution in the Agricultural Seed Agency for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that, Budget formulation and execution of the Agricultural Seed Agency 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



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2.0 FINANCIAL STATEMENTS

THE REPORT BY THOSE CHARGED WITH GOVERNANCE

1.0 INTRODUCTION

In compliance with section 16 (1) of the Executive Agencies Act, the Chief Executive Officer submitted their report and financial statements of Agricultural Seed Agency (ASA), for the year ended 30 June 2023.

2.0 OBJECTIVES

According to Government Agency's Act, no 30 of 1997 (amended 2009) the objectives of ASA shall be:-

- a. To increase the production of quality seed
- b. Encourage the private sector to participate in seed production and distribution
- c. To encourage farmers to use quality seed
- d. Collaborate with research centers to ensure that new seeds produced and distributed.

3.0 PRINCIPAL ACTIVITIES

Agricultural Seed Agency is mandated to produce process and distribute high-quality agricultural seeds to farmers at affordable prices. Therefore, the 2022/23 budget estimates reflect several activities which are going to contribute to the Agency's goals and national goals including those stipulated in the Agricultural Development Program Phase II (ASDP2) and the five-year National Development Plan (FYDP II).

The approved budget for 2022/23, apart from other activities, focuses on increasing the production and distribution of improved Agricultural seeds to farmers, particularly the country's priority crops.

This is implemented and achieved through improving irrigation infrastructure, good crop management, training to farm supervisors and Agricultural officers, improving storage facilities, Quality control, Strengthening seed distribution channels and promotion & awareness creation.

This is to Agricultural Sector Development Program Phase II (ASDP2) objectives, the ASA strategic plan that influences agricultural sector growth by ensuring farmers are getting quality agricultural inputs including seeds and increasing productivity.

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4.0 VISION AND MISSION STATEMENT

4.1 Vision

“To create economic well-being of farmers through quality seeds”.

4.2 Mission

“To provide a better agricultural environment through affordable and accessible high-quality seeds in local and regional markets”.

4.3 Core values

In pursuit of service excellence, the core business values of ASA are:

Teamwork: To organize our staff in an effective and efficient organization and work approach that emphasizes teamwork to seamlessly deliver what we promise our customers and stakeholders.

Excellence: To work tirelessly to achieve high-quality products and services that are evidenced by excellent performance in all that, we do in production, processing, distribution and management.

Customer care: To direct our energy and efforts to satisfy our customers in all spheres of our business by providing high-quality agricultural seeds and related services.

Technology: To embrace technology in all of production, process, distribution and management to achieve efficiency and control our operating costs.

Integrity: To integrate principles of integrity and honesty actions in all of our management activities and the performance of our staff.

Accountability: To operate under good corporate governance, which is accountable to all stakeholders and the resources entrusted to the institution.

4.4 The Plan and Budget for 2022/23 within the Second Five-Year Development Plan Framework for 2019/20 - 2025/26


The Agency continued to consolidate efforts to produce improved seed for all crop varieties including seed for strategic crops and use its seed marketing strategy to distribute seed to farmers and other end users at affordable prices to escalate raw materials for industries.

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This is done according to the framework of the Second Phase of the Agricultural Sector Development Programme (ASDP-II). The objective is to transform the agricultural sector (crops, livestock & fisheries) into a higher productivity, commercialized agricultural sector with improved smallholder farmer incomes that will ensure improved livelihood, food security and nutrition.

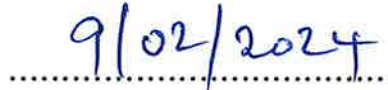
The ASA ministerial advisory board will continue to advise and work closely with the management of the agency to ensure commitment to standard and quality output/ service to all stakeholders/customers to ensure improvement in the agricultural sector and enhance its contribution to the national economy.

Furthermore, all board members are there to ensure ASA is implementing all planned priorities and activities, which contribute to the furtherance of the sector.


.....

Ashura Luzi - Kihupi (PhD)

ASA BOARD CHAIRPERSON


.....

Date

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STATEMENT BY THE ACCOUNTING OFFICER

1.0 Introduction

The agricultural sector is important in Tanzania employing about 80% of the Tanzanian population. Seed is one of the essential inputs for the development of the agriculture sector as it assures farmers' productivity and profitability as well as the nation's food security.

The Tanzanian seed system comprises seeds supplied from the formal and informal seed systems. The majority of Tanzanian smallholder farmers are still using seeds from the informal seed system that are of poor quality thus affecting their productivity and production.

In addressing the problems associated with the use of seeds supplied under an informal system, ASA is focusing on the following: -

Increasing production of quality and adequate basic and certified seeds

Promoting the use of improved seeds and establishment of effective seed distribution networks.

2.0 Ministerial Advisory Board

The Agency has a Ministerial Advisory Board established under Chapter 245 section six (6) 2-4, of the Executive Agencies Act 1997 (Revised 2002) which is comprised of seven members. The list of Members of the Ministerial Advisory Board is shown in Table 1 below.

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Table 1: Members of the Ministerial Advisory Board

S/N	Name	Title	Qualification	Age	Date of Appointment
1.	Dr. Ashura Luzi - Kihupi	Chairperson	PhD (Plant Breeding)	70	September, 2021
2	Mrs. Zabein Muhaji Mhita	Member	Retired Deputy Minister	72	September, 2021
3	Eng. Florian Mwombeki Kabaka	Member	Master of Science in Highway Engineering	68	September, 2021
4.	Dr. Gladness Elibariki Temu	Member	PhD (Biotechnology)	45	September, 2021
5.	Mr. Marco Charles Mtunga	Member	Masters in Agronomy	57	September, 2021
6.	Mrs. Josephine Amolo Juma	Member	Masters in Rural Development	61	September, 2021
7.	Dr. Sophia Kashenge-Killenga	Secretary	PhD (Plant Breeding)	52	September, 2021

The function of a Ministerial Advisory Board among others is to advise the Minister on the following:

- i) The development and maintenance of a strategic framework
- ii) The objectives of the Agency
- iii) The acceptability of the Chief Executive's plans and associated budgets
- iv) The setting of priorities and annual performance targets for the Agency
- v) The Approval of the Agency's annual reports and accounts
- vi) The evaluation of the Agency's performance.
- vii) During the year, the board held four meetings with reference numbers 32, 33, 34 and 35 to deliberate various matters related to its mandate.

3.0 Audit Committee

The Agency has an Audit Committee established as per the requirements of Regulation 30 (1) of the Public Finance Regulations of 2001 (as revised in 2010). It has five (5) members, whereby four (4) of them are external members and one of the external members is a Chairperson of the Committee.

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The Committee is made up of the following members:

S/N	Name	Qualifications	Title	Age	Date of Appointment
1.	Mr. Mathias Abisai	CPA, MBA - CM	Chairperson	59	November, 2021
2.	Mr. Dyoya James Dyoya	CPA (T); MITE (UDSM)	Member	60	November, 2021
3.	Ms. Lunyamadzo Gillah	LLM	Member	54	March, 2022
4.	Dr. Adolf Saria	PhD of Agronomy	Member	40	March, 2022
5.	Ms. Rozalia Mtenga	Master of Arts in Project Management and Evaluation	Member	39	March, 2022
6.	Adv. Valentine Kamugisha	Post Graduate Diploma in Law	Secretary	46	March, 2022

The Audit Committee's functions among other things include;

- a) Provide an independent review of the organization's reporting function to ensure the integrity of the financial reports
- b) Ensure all internal control and risk management functions are operating effectively and reliably
- c) Provide strong and effective oversight of the organization's internal and external audit functions
- d) Approval of the annual internal and strategic audit plans
- e) Advise the Accounting Officer on the matters of concern raised in the reports of the internal auditor and CAG.
- f) Advise the Accounting Officer on the preparation and review of financial statements of the Agency.

During the year ended 30 June 2023, the committee conducted four meetings to review the internal audit report, assess and discuss CAG Audit observations and advise the management on how to implement matters addressed in the Management letter issued.

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4.0 Employment Committee

The Agency employment committee is comprised of the following members:

S/N	Name	Qualifications	Title
1	Justin Hanson Ringo	Bsc. Agric. General, Masters of Philosophy Plant Breeding, PhD Plant Plant Genetics.	Chairperson
2.	Jackline Shayo	Masters of Agribusiness, BSc. Agricultural Economics.	Member
3	Hilda Kyando - Gellejah	Masters of Human Resource Management, PHR, Advanced Diploma of Public Administration.	Secretary
4	Wilfred Mwambaga	Bsc. Information Technology	Member
5.	Valentine Kamugisha	Bachelor's Degree of Law (LLB), Certificate of Law School.	Member

5.0 Tender Board

The Agency has a Tender Board, which was established as per requirements of Section 31 of the Public Procurement (amendment) Act, 2016, to discharge its responsibilities as stipulated in Section 33 (1) of the Public Procurement Act No 7 of 2011(as amended in 2016) as a tender board for procurement of goods, services and works. The Agency Tender Board comprises the following members:

S/N	NAME	QUALIFICATIONS	TITLE
1.	Jackline Shayo	MSc. Agricultural and Applied Economics	Chairperson
2.	Dr. Justin Ringo	PhD Plants and Genetics	Member
3.	Wilfred Mwambanga	Advanced Diploma in Information Technology	Member
4.	David Johnson	Post Graduate Diploma in Accounting; CPA (T)	Member
5.	Fidelis Mugasha	MBA, CPSP	Secretary

The main responsibilities of the Tender Board are as follows:

- a) Deliberate on the recommendations from the Procurement Management Unit and approve award contracts.
- b) Review all applications for variations, addenda or amendments to ongoing contracts.
- c) Approving tendering and contract documents.
- d) Approving procurement and disposal by tender procedures.
- e) Ensuring that best practices about procurement and disposal by tender are strictly adhered to by procuring entities.
- f) Ensure compliance with the Act.
- g) Liaising directly with authority on matters within its jurisdiction.

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During the year, the board has managed to review the Annual Procurement plan and conducted several tender evaluations by complying with respective laws and regulations.

6.0 Strategies and Achievements

6.1 The Performance of the Agriculture Sector

The agriculture sector continued to show indicators of growth in 2022/23 as recorded in the previous season. The revised national accounts with the base year 2015 revealed that in 2023 a growth rate of 4.1 per cent was achieved in the agricultural sector. Hence, these few indicators forecast an improving performance compared to the previous season.

It is worth noting though that much as our agriculture is heavily dependent on rainfall; focused implementation of our agricultural development interventions based on the National Agriculture Policy of 2013, sector strategies, projects and programs have contributed towards this change.

The key enabling factors to this development were good rain distribution, increased use of improved seeds, availability of extension services, and ever-increasing investments to the betterment of basic infrastructure in rural settings.

Although the data available are indicative and if performance indicators are released, agriculture sector performance may see even more improved trends.

6.2 Other achievements

The agency performance for 2022/23 shows growth compared to the previous year 2021/22 the number of quality seeds produced was 3,173MT compared to 3,033MT in 2021/22.

In 2022/23 ASA's submitted budget was prepared to focus on a strategic area stipulated in the strategic plan in which ASA has planned to put more effort into three key result areas which are the production of adequate and adaptable high-quality agricultural seeds, effective and efficient marketing system for ASA products and service and a well-managed Agency.

Accomplishment of the said key result areas is aligned with the development of irrigation infrastructure, construction of warehouses, and mobilization of human and financial resources, as well as establishing a modern system for the management of the Agency.

Implementation of the said budget will therefore facilitate the accomplishment of ASA's objectives of production and distribution of adequate improved seeds as well as attaining the ASDP II, Tanzania Development Vision (TDV) 2025 aspirations,

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Sustainable Development Goals (SDGs) and Five Years Development Plan (FYDP) goals, as the increased use of improved seeds by smallholder farmers will automatically be led to increased productivity, farmer income, food and national food security. We promise and remain committed to serving the Tanzanian farming community.

7.0 Key Performance Indicators

The Key Performance Indicators (KPIs) are indicated in Table No.6 below.

Table No. 6: Key Performance Indicators

Performance indicator/ratio	Definition and formula	Purpose	2023	2022
Income ratios	Total Income/Total Assets	Income generating activities	78%	41%
	Total Income from ASA sources/Total Income	Own source income generation	14%	15%
Expenditure Ratios	Total Expenses/Total Income	Relationship between expenses and income	63%	89%
	Total Expenses less Depreciation/Total Income	Relationship between expenses and income excluding non-cash expenses	60%	84%
Liquidity Ration	Current Assets/Current Liabilities	The ability of the institute to settle the current obligation	1:1	1:1

8.0 Stakeholders analysis

ASA is deeply connected and committed to the environment we operate in and the societies we serve. Our ability to deliver value is dependent on our relationships and the contributions and activities of our stakeholders. We engage in dialogue with our stakeholders to understand their needs and seek to meet their expectations to create value for them and the Institute.

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Table No.7: Stakeholder Analysis

S/N	Stakeholder / Client	Expectations	Service offered by ASA	Potential Impact
A	Direct Stakeholder			
1	Ministry of Agriculture	Adequate quality seed for farmers Improved exchequer revenue contribution Compliance with statutory regulations Good governance	Producing quality seeds and seedlings	Formalized seed industry Policies that will govern land use in seed production regions Enabling seed industry regulatory mechanisms Adhere to Planning and Budget Guidelines Adhere to land Use Regulations
2	Farmers and Farmers' Organizations	To use the quality seed produced by ASA	Improved seeds Extensions services Marketing channel	Increase in food agriculture products
3	Traders	Supplies inputs to farmers and other agricultural stakeholders e.g. seeds fertilizers and Agrochemicals at reasonable prices and get profit Access to knowledge on the products they supply Supplies quality products to consumers	Improved seeds Extensions services Knowledge of the use of the improved seeds	The increase in production and productivity
4	Local Government Authorities	ASA cooperation, in disseminating knowledge on the use of improved seeds to agricultural officers and farmers, in their authorities.	Improved seeds Knowledge of the use of the improved seeds	The use of improved, seeds
6	Consumers of agricultural produce	Timely access to food products	Supplying enough quality seeds and seedlings	Availability of food and oil

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S/N	Stakeholder / Client	Expectations	Service offered by ASA	Potential Impact
7	Development Partners	Collaboration in addressing poverty reduction issues. Collaboration in the implementation of agricultural development Projects.	Improved seeds Knowledge of the use of the improved seeds	Availability of fund
8	Service Providers	Provision of agriculture financial services to ASA and farmers mostly those who are contracted by ASA for seed production.	Production of quality seeds and seedlings	Financial services
9	Agricultural research institutions (e.g CG Centres, ASARECA, NARO, TALIRI, TAFORI)	Feedback from farmers and seed companies on the performance of the released seeds. Conducive seed policies guidelines. Enough funds for research.	Pre-basis seeds Knowledge of the newly released seeds	Availability of pre and basic seed
B Indirect Stakeholders				
11	Politicians	ASA to adhere to seed and other agriculture policies	Adhere to seed and other agriculture policies	Production of quality seed
12	Policy makers	ASA to adhere to seed policies	Adhering to policies	Producing a quality seed

9.0 Future development plan

The Agency will continue to consolidate efforts to the production of improved seed for all crop varieties including seed for strategic crops and use its seed marketing strategy to distribute seed to farmers and other end users at affordable prices to escalate raw materials for industries.

This will be done within the framework of the Second Phase of the Agricultural Sector Development Program (ASDP-II). The objective of ASDP-II is to transform the agricultural sector (crops, livestock & fisheries) into a higher productivity, commercialized agricultural sector with improved smallholder farmer income that will ensure improved livelihood, food security and nutrition.

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The main goal is to produce 480 MT of basic seeds and 4850 MT of certified seeds and distribute them to seed multipliers and farmers at affordable prices. The objectives are meant to ensure the country's resources and opportunities are effectively used to build the industrial economy and reduce poverty.

The Agency Priority Intervention Areas in the Plan and Budget for 2023 within the FYDP-III Framework for 2021/22 - 2025/26 are as follows: -

- a) Improve farm infrastructure and working facilities.
- b) Construction and rehabilitation of farm infrastructures and distribution of fleets.
- c) Adequate production and distribution of quality basic and certified seeds for Maize, Edible oil (Sunflower and palm Oil seedlings), Beans, and Horticultural crop
- d) Improve seed storage facilities.
- e) Attain effective and efficient marketing systems for ASA's products.
- f) Strengthen collaboration with research and development institutes on matters related to seed competence and availability of new crop varieties
- g) Establish sustainable fruit seedling production and distribution

The Agency will work closely with the Sector Ministries, Private Sector, Development Partners and Non-State Actors to ensure that the objectives of the identified ASA priority areas are achieved.

Last but not least, I sincerely register our appreciation to our professionals, farmers, private sector and other collaborators, who made it possible to achieve the said performance.

10.0 Employee Welfare

The Agency facilitates the social welfare of employees by providing moral and material support such as medical care through the National Health Insurance Fund (NHIF) where both the employer and employee contribute 3% of gross salary, leave pay, retirement benefits, prizes to the best workers and other employment allowances.

Employees are also members of PSSSF Funds where the Agency contributes 15% of the basic salary of each employee to PSSSF to all permanent employees. Not only that, staff are being provided with training on HIV/AIDS, anti-corruption and other professional and technical training to execute their duties effectively.

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For the year 2022/23, 152 Agricultural field officers trained on the production and management of improved seeds. Others trained were Human resources officers (2), Accountants (8), Procurement officers (4), ICT (2) and Record management officers (4).

The agency provides financial assistance to staff due to several problems encountered by staff, for the year 2022/23 the agency has supported staff due to prevailing illness as part of staff encouragement.

11.0 Disabled Persons

The Agency assists employees with disability by creating a good working environment according to their circumstances. During the year, the Agency had no disabled person. However, the Agency is still committed to assisting disabled individuals whenever they appear.

12.0 HIV/AIDS awareness

The Agency is strengthening HIV/AIDS awareness, advocacy, testing, and other intervention measures. During 2022/23, ASA conducted 2 awareness programmes on HIV/AIDS for all its staff. It is expected that there will be no new infections among ASAs' staff.

13.0 Capacity Building

The Agency equip its staff with relevant managerial and operational competencies to enhance their service delivery to the public. During the year, 131 staff attended short course training on the production and management of improved seeds and seedlings, human resources management, soil kit management and training conducted by regulatory professional bodies.

14.0 Medical Services

The Agency provides medical Insurance coverage through the National Health Insurance Fund (NHIF), which covers employees, spouses and four dependents.

15.0 Gender Parity

The Agency gives gender-equal opportunities to all Tanzanians during recruitment and filling of positions provided they have the required qualifications and abilities. Total number of employees as at 30 June 2023 was 308.

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

Table No.8: Gender Parity

Gender	2022/23	2021/22
Male	239	129
Female	69	48
Total	308	177

16.0 Relationship with stakeholders

The Agency continued to maintain a good relationship with all stakeholders including Ministries such as the Ministry of Agriculture and the Ministry of Finance and Planning; other Government bodies such as the Treasury Registrar and Local Government Authorities (LGAs).

17.0 Key challenges and the way forward

S/N	Challenge	Way forward
1.	Delaying in disbursement of development fund	Early request for Development fund to facilitate production activities timely
2.	Inadequate working tools such as seed distribution vehicles, field car motorcycles	Project proposal writing to secure more funds/assistance to facilitate acquiring of working tools
3.	Dilapidated seed production infrastructures such as warehouses, tractors, processing plants and farmhouses	More efforts are being made through Project proposal writing for funds to improve seed production infrastructures
4.	Climatical change causing dry spell season across the country	Installation/improvement of irrigation systems in seed farms

18.0 Acknowledgment and appreciation

Agricultural Seed Agency would like to extend special appreciations to the Ministry of Agriculture and Ministerial Advisory Board (MAB) for their constant inspiration, support and guidance. The Agency is also recognizing a great contribution made by development partners and various stakeholders in the seed industry in Tanzania.



.....
Dr. Sophia Kashenge -Killenga

CHIEF EXECUTIVE OFFICER



.....
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2023

Sect. 25(4) of the Public Finance Act No. Cap. 348 [R.E 2020] requires the Agency to prepare financial statements of the entity for each financial year, as at the end of the financial period, that gives a true and fair view of the state of affairs of the entity for that period.

The Management confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2021.

The management also confirms that the International Public Sector Accounting Standards (IPSAS) accrual basis has been followed and that the financial statements have been prepared on a going concern basis.

The Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Entity and which enable them to ensure that the financial statements comply with the Public Finance Act, Cap. 348 [R.E 2020] they are also responsible for safeguarding the assets of the Entity and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

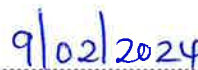
Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act No. 7 of 2011 and its Regulations, 2013 as amended in 2016.

In our opinion, nothing has come to the attention of the management that the financial statements do not present fairly all material respect of the operations of the entity and will not remain a going concern for the next twelve months from the date of these statements.



Dr. Sophia Kashenge -Killenga

Chief Executive Officer



Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

**STATEMENT OF DECLARATION OF THE HEAD OF FINANCE AND ACCOUNTS UNIT OF
AGRICULTURAL SEED AGENCY**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditor and Accountants (Registration) Act. No. 33 of 2022, as requires financial statements to be accompanied with a declaration issued by the Head of Finance and Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Profession Accountant to assist the Board of Directors/Governing Body/Management in discharging the responsibility of preparing financial statements 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 Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I, CPA David Johnson being the Accountant of the Agricultural Seed Agency (ASA) hereby acknowledge my responsibility of ensuring that financial statements of the entity for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I, thus confirm that the financial statements give a true and fair view position of Agricultural Seed Agency as of that date and that they have been prepared based on properly maintained financial records.

Signed by: David Johnson

Position: Head of Finance and Accounts Unit

NBAA Membership No: GA 5609

Signature:.....

Date: 09/02/2024.....

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

COMMENTARY ON THE FINANCIAL STATEMENTS

1.0 Introduction

The financial Statements for the year 2022/23 provide a record of ASA financial performance, financial position, cash flows, changes in net assets/equity and notes to the financial statements over the accounting period from 1 July 2022 to 30 June 2023. They provide comparative analysis with actual outcomes of the previous financial year 2021/22.

2.0 Overview of Financial Statements

The financial statements present; financial position, financial performance, changes in net asset/equity, cash flows, Statement of Comparison of Budget and actual amounts and Notes to the financial statements of the Agricultural Seed Agency as at 30 June 2023.

2.1 Analysis of the Statement of Financial Position

2.1.1 Cash and Cash Equivalent

Cash and Cash Equivalent involves cash from different accounts at the end of the period. As at 30 June 2023 cash and cash equivalent amounted to TZS 1,273,982,702 compared to TZS 280,605,948 for the financial year ended 30 June 2022. The increase was due to increase of funds received for development projects.

2.1.2 Receivables

The receivable as of 30 June 2023 was TZS 2,748,243,595 compared to TZS 1,529,457,845 for the financial year ended 30 June 2023. The increase due to increase production that accelerated to increased sales and part of the sales were done on credit.

2.1.3 Inventories

The amount of inventory has decreased from TZS 2,354,489,601 for the financial year ended 30 June 2022 to TZS 1,882,543,950 for the financial year ended 30 June 2023. The decrease was due to the increase in sales.

2.1.4 Property Plant and Equipment (PPE)

The total carrying amount for PPE as at 30 June 2023 is TZS 28,928,976,801 compared to TZS 22,767,677,725 for the financial Year ended 30 June 2022. The increase attributed by the additional assets purchased such as motor cycles worth TZS 32,298,370, the motor vehicle received as donation with value of TZS 103,790,420, installation of new processing plant worth TZS 1,227,106,505 and additional Work in progress of an irrigation scheme at Kilimi with the value of TZS 5,529,230,172.

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AGRICULTURAL SEED AGENCY**

2.1.5 Payables

Payables has decreased to TZS 2,290,702,150 as at the end of the year compared to 3,646,275,672 in the previous year. There has been a decrease of TZS 1,355,573,522 that attributed by the effort to pay outstanding debts.

2.1.6 Non-Current Liabilities

During the year, the Agency paid the whole amount of the remaining AGITF debt totaling TZS 92,410,487. The figure for previous year were distributed to current (TZS 35,817,840) and non-current liability (TZS 56,592,647) since this was a long-term loan that was supposed to be full paid at the end of November 2024.

2.2 Analysis of the Statement of Financial Performance

2.2.1 Revenue

2.2.1.1 Revenue from exchange Transaction

Revenue earned from sales of seed, land rent and house rent during the year is TZS 6,543,833,180 the amount has increased compared to TZS 4,139,587,316 collected for the year 2021/22. The increase was due to demand increase of oil seed and improvement of market strategies.

2.2.1.2 Subvention from Other Government Entities

During the year a total of, TZS 19,134,890,294 was amortized. The total amount of TZS 18,069,896,111 amortized for development project implementation and recognized a non-monetary assistance with the total value of TZS 1,330,896,924.

In addition, value of donated motor vehicle with the value of TZS 103,790,419 for assisting day-to-day operations of the agency and installation of a new processing plant at Msimba seed farm worth TZS 1,227,106,505, TZS 1,030,687,000 for employees' salaries and TZS 34,307,184 for other charges.

The increase from previous year of Subvention from Government Entities attributed by the heavy investment of development projects especially on the irrigation infrastructures on the Agency Seed farms.

2.2.2 Expenses

2.2.2.1 Wages, Salaries and Employees Benefits

Total Wages, Salaries and Employee benefits for the financial year 2022/23 amounted to TZS 2,623,078,526 compared to TZS 3,579,816,083 for the year 2021/22. The decrease was due to re-classification of GFS codes to MUSE system, where few item transferred to another class of expense codes.

**THE UNITED REPUBLIC OF TANZANIA
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AGRICULTURAL SEED AGENCY**

2.2.2.2 Supplies and Consumable Goods

Total expenditure for supplies and consumable goods for the financial year 2022/23 amounted to TZS 11,300,141,474 compared to TZS 8,826,014,459 for the year ended 30 June 2022. The increase attributed by operational costs of the Agency on production process, hiring of motor vehicles for seed transportation, purchases of agricultural implements and fertilizers during the year.

2.2.2.3 Routine Maintenance and Repairs

Total expenditure for routine maintenance and repairs expenses for 2022/23 was TZS 2,333,027,469 compared to TZS 193,408,984 for 2021/22. The increase was due to construction of metal fence and posts to Msimba and Kilimi seed farm, opening of new area, outsourced maintenance contract service, motor vehicle repair and purchasing tires during the year.

2.2.2.4 Other Expenses

Other expenses includes the cost used to clear the debt of land for all agency farms which amounted to TZS 378,705,594, Audit fee of TZS 30,000,000, TZS 112,641,325 used for compensations to different citizens within ASA farms and TZS 16,987,480 used to cover various operation and employee costs..

2.2.2.5 Depreciation and Amortization Expenses

During the year, the total depreciation amount was TZS 731,126,391 for property, plant and equipment. The figure for depreciation has increased from TZS 697,101,173 due to additional of non-current assets during the year.

2.3 Auditors

The controller and Auditor General (CAG) are the statutory auditor for the Agricultural Seed Agency pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (Revised 2005), Section 26-37 of the Public Finance Act No 6 of 2001 (as revised in 2010) and the Public Audit Act of 2008


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AGRICULTURAL SEED AGENCY**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		2022/23	2021/22
	NOTE	TZS	TZS
ASSETS			
Current Assets			
Cash and Cash Equivalents	62	1,273,982,702	280,605,948
Receivables	67	2,748,243,595	1,529,457,845
Inventories	70	1,882,543,950	2,354,489,601
Total Current Assets		5,904,770,247	4,164,553,394
Non-Current Assets			
Property, Plant and Equipment	77	28,928,976,800	22,767,677,725
Total Non-Current Assets		28,928,976,800	22,767,677,725
TOTAL ASSETS		34,833,747,047	26,932,231,120
LIABILITIES			
Current Liabilities			
Payables	89	2,290,702,150	3,646,275,672
Deferred Income	93	1,048,255,507	0
Total Current Liabilities		3,338,957,657	3,646,275,672
Non-Current Liabilities			
Borrowing	102	0	92,410,487
Total Non-Current Liabilities		0	92,410,487
Total Liabilities		3,338,957,657	3,738,686,159
Net Assets		31,494,789,390	23,193,544,961
NET ASSETS			
Taxpayers Funds		10,113,939,000	10,113,939,000
Accumulated surpluses		21,380,850,390	13,079,605,961
TOTAL NET ASSETS		31,494,789,390	23,193,544,961


.....
Dr. Ashura Luzi - Kihupi

9/02/2024
.....


.....
Dr. Sophia Kashenge
Killenga

Chairperson

Date

Chief Executive Officer

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

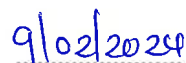
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	2021/22
	NOTE	TZS	TZS
Revenue			
Revenue From Exchange Transaction	17	6,543,833,180	4,139,587,316
Other Revenue	31	148,229,214	0
Subvention From Other Government Entities	32	19,134,890,294	11,033,295,752
TOTAL		25,826,952,688	21,428,470,623
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	34	2,623,078,526	3,579,816,083
Supplies and Consumable Goods	35	11,300,141,474	8,826,014,459
Routine Maintenance and Repair	36	2,333,027,469	193,408,984
Other Expenses	52	538,334,399	4,049,500
Depreciation and Amortization Expense	37	731,126,391	697,101,173
TOTAL		17,525,708,259	13,300,390,199
Surplus for the period		8,301,244,429	8,128,080,424



Dr Ashura Kihupi

Board Chairpeson



Date



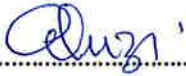
Dr. Sophia Kashege
Killenga

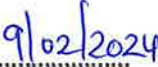
Chief executive
Officer

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2023

	TZS	TZS	
	Taxpayer's fund	Accumulated Surplus/(Deficit)	Total
Balance as at 1 July, 2022	10,113,939,000	13,079,605,961	23,193,544,961
Surplus/(Deficit) during the year	0	8,301,244,429	8,301,244,429
Closing Balance (30 Jun 2023)	10,113,939,000	21,380,850,390	31,494,789,390
Balance as at 1 July, 2021	10,113,939,000	4,951,525,537	15,065,464,537
Surplus/(Deficit) during the year	0	8,128,080,424	8,128,080,424
Closing Balance 30 June 2022	10,113,939,000	13,079,605,961	23,193,544,961


.....
Dr. Ashura Luzi - Kihupi
Chairperson



.....
Date


.....
Dr. Sophia Kashenge Killenga
Chief Executive Officer

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023

		2023 TZS	2022 TZS
Cash flow from operating activities			
Receipts			
Subvention From Other Government Entities	32	18,869,817,386	9,075,929,034
Revenue From Exchange Transaction	17	5,410,124,430	4,195,469,471
Other Revenue	31	148,229,214	0
Total receipts		24,428,171,030	13,271,398,505
Payments			
Wages, Salaries and Employee Benefits	34	2,623,078,526	3,579,816,083
Supplies and Consumable Goods	35	12,286,414,853	8,993,547,349
Routine Maintenance and Repair	36	2,333,027,469	193,408,984
Other Expenses	52	538,334,399	4,049,500
Total payments		17,780,855,247	12,770,821,916
Net Cash Flow From Operating Activities	(A)	6,647,315,783	500,576,589
Cash flow from investing activities			
Acquisition of Property, Plant and Equipment	(B)	(5,561,528,542)	(2,210,465,563)
Net Cash Flow From Investing Activities		(5,561,528,542)	(2,210,465,563)
Cash flow from financing activities			
Repayment of Principal	(C)	(92,410,487)	(33,758,314)
Net Cash Used In Investing Activities		(92,410,487)	(33,758,314)
Increase/(decrease) in cash and cash equivalent	(A+B+C)	993,376,754	(1,743,647,289)
Cash and Cash equivalent as at 1st July 2021		280,605,948	2,024,253,237
Net cash and cash equivalents as at 30th June 2022		1,273,982,702	280,605,948


.....
Dr. Ashura Luzi - Kihupi
Chairperson

9/02/2024
.....
Date
Dr. Sophia Kashenge Killenga
Chief Executive Officer

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

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

	Budgeted Amount			Actual Amount on Comparison Basis (A) TZS	Different Final Budget & Actual (B-A) TZS
	Original Budget TZS	Reallocations/ Adjustments TZS	Final Budget (B) TZS		
RECEIPTS					
Subvention from Other Government	45,087,266,736	0	45,087,266,736	18,869,817,385	26,217,449,351
Revenue Grants	0	0	0	0	0
Revenue from Exchange Transactions	7,472,881,844	0	7,472,881,844	5,410,124,430	2,062,757,414
Other Revenue	350,500,000	0	350,500,000	148,229,214	202,270,786
Levies	0	0	0	0	0
Financing Income	558,633,005	0	558,633,005	0	558,633,005
Total Receipts	53,469,281,585	0	53,469,281,585	24,428,171,029	29,041,110,556
PAYMENTS					
Wages, Salaries and Employee Benefits	2,609,942,000	233,910,000	2,843,852,000	2,623,078,526	220,773,474
Use of Goods and Service	25,213,354,024	(172,910,000)	25,040,444,024	12,286,414,853	12,754,029,171
Other Transfers	0	0	0	0	0
Other Expenses	2,110,973,736	20,000,000	2,130,973,736	538,334,399	1,592,639,337
Maintenance Expenses	5,064,434,125	(81,000,000)	4,983,434,125	2,333,027,469	2,650,406,656
Payment for Work in Progress	0	0	0	0	0
Acquisition of Property, Plant and	18,470,577,700	0	18,470,577,700	5,561,528,542	12,909,049,158
Cash repayments of amounts borrowed	0	0	0	92,410,487	(92,410,487)
Total Payment	53,469,281,585	0	53,469,281,585	23,434,794,276	30,034,487,309
Net Receipts/Payments	0			993,376,753	(993,376,753)

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

CASH FLOW RECONCILIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2022/23	2021/22
	TZS	TZS
Cash and Cash Equivalent as per		
Cash Flow Statement	1,273,982,702	280,605,948
Statement of Financial Position	1,273,982,702	280,605,948
Difference	0	0
Reconciliation of Cash Flow From Operating Activities		
Surplus from the period	8,301,244,428	8,128,080,424
Adjustment to reconcile net Surplus to:		
Depreciation of property and equipment	731,126,391	697,101,173
Subvention from other Government Entities	(1,330,896,924)	(6,255,587,555)
Add/(Less)Change in Working Capital	0	-
Deferred Income (Recurrent)	1,048,255,508	(1,957,366,718)
Inventories	471,945,651	(1,244,617,395)
Accounts Payable	(1,355,573,522)	1,077,084,505
Accounts Receivable	(1,218,785,750)	55,882,155
Net Cash Flow/(Cash Used)from Operating Activities	6,647,315,782	500,576,589



Dr. Ashura Luzi - Kihupi

Chairperson

9/02/2024

Date



Dr. Sophia
Kashenge Killenga
Chief Executive
Officer

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY

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

1. GENERAL INFORMATION

Agricultural Seed Agency is an entity established under Executive Agencies Act 30 of 1997 and become operational on June 2006. The agency operates as a semi-autonomous body within the Ministry of Agriculture, and responsible in ensuring improved seeds are available to farmer at affordable prices.

PRINCIPAL PLACE OF BUSINESS

AGRICULTURAL SEED AGENCY
Magodoro Street, Plot No. 50
P. O. Box 364, Morogoro,
MOROGORO

CHIEF EXECUTIVE OFFICER

Dr. Sophia Kashenge Killenga
P. O. Box 364,
MOROGORO

BANKERS

National Microfinance Bank
P. O. Box 3416,
MOROGORO

BANK OF TANZANIA,
P. O. Box 2939,
DAR ES SALAAM

CRDB Bank Limited,
P. O. Box 150,
DAR ES SALAAM

AUDITOR

The Controller and Auditor General
The National Audit Office
AUDIT HOUSE
4 UKAGUZI ROAD
P. O. Box 950
41104 TAMBUKA RELI
DODOMA

LAWYERS

The Office of Attorney General,
Government City - Mtumba,
Attorney General Street,
P.O. Box 630,
DODOMA

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

2. STATEMENT OF COMPLIANCE BASIS OF PREPARATION

The financial statements of the Entity have been prepared in accordance with International Public Sector Standards (IPSAS-Accrual basis) and comply with the Public Finance Act No 6 of 2001 (revised 2010) and instructions issued by Treasury in respect of the year under review.

The financial statements presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest shilling.

3. AUTHORISATION OF FINANCIAL STATEMENTS

The authorised date for issue of Financial Statements to the Public is after receiving opinion from the Controller and Auditor General and the report being tabled to the Parliament.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted, which are consistent with those of previous years are shown below.

4.1 Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprise cash at banks. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

4.2 Employee benefits

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis. Contribution rates for employer and employees are detailed below:

No.	Name of the fund	Employer contribution	Employee contribution
1	Public Sector Social Security Fund (PSSSF)	15%	5%

Additionally, the Government operates insured health, National Health Insurance Fund (NHIF) plan where contributions are made by the employer and employee, each contributing 3% of gross salary of the respective employee.

However, the Agency, compensate other medical treatment that are not covered under NHIF to assist employees whenever necessary.

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

4.3 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Entity and the revenue can be reliably measured.

Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized:

4.3.1 Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- (i) The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- (ii) The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (iii) The amount of revenue can be measured reliably.
- (iv) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- (v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.4 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. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation that have been consistently applied are:

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF AGRICULTURE
AGRICULTURAL SEED AGENCY**

Depreciation Rates

<u>Description</u>	<u>Years</u>
Administration assets	
Leasehold land	Over the lease term
Buildings	
Residential	50
School	75
Hospital	60
Office	50
Dwelling	50
Plant and machinery	15
Furniture, fixtures and equipment	5
Motor vehicles	
Heavy duty (5 tons and above)	10
Light duty (below 5 tons)	5
Motor cycle	7
Computer (Desktops and laptops)	4
Boreholes	15
Water systems	15
Agriculture and livestock extension system	25
Furniture, fixtures and equipment	10
Motor cycle	7
Computer hardware	5
Boreholes (0-200 meters) Hand pumped well	30
Shallow well (0-100 meters) Hand pumped well	40
Large Dam Earth fill 15-20 meters > 1,000,000 cubic meters	25
Medium Dam Earth fill 5-15 meters 250,000 - 1,000,000 cubic meters	20

4.5 Property, plant and equipment (Continued)

The carrying values of cash-generating property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognized.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed and adjusted if appropriate, at each financial year end.

When each major inspection is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

4.6 Related Party Transactions

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. They include relationships with subsidiaries, associates, joint ventures and key Management personnel.

For the Agriculture Seed Agency, key management includes the chairperson of the advisory board, Directors and their close relatives. Some of the entity's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

4.7 Inventories

Inventories held for sale are stated at the lower of cost or net realizable value. Inventories held for distribution at no charge or for a nominal charge are stated at the lower of cost and current replacement cost. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials - purchase cost on a first-order basis.
- Stationeries and other consumables - cost is determined on in first-in-first-out basis.
- Finished goods - cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.
- Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.
- The current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

4.8 Events after reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

During the current financial year 2022/23, no event occurred after the reporting date.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Entity's 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

5.1 Judgments

In the process of applying the Entity'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:

Determination of the useful lives of property, plant and equipment

Management is assessing the useful life of its non-current assets at the end of each accounting period. However, no changes come to our attention that affect the position of the financial statement during the year.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

6. FUTURE CHANGE IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance and some amendments thereon that might have an impact on the entity's financial statements are listed below.

This listing of standards issued is those that the entity 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.

IPSAS 41 - Financial Instruments - This Standard is effective for annual financial statements covering the period beginning on or after 1 January 2023.

IPSAS 42 - Accounting for Social Benefit - This Standard is effective for annual financial statements covering the period beginning on or after 1 January 2022.

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7. RISK MANAGEMENT

(i) Drought risk

Generally, insufficient rainfalls pose a risk to Government efforts to increase agricultural production and productivity. To overcome such a situation the Government promotes irrigation farming by hugely investing in irrigation schemes, encouraging the cultivation of draught-resistant crops, and harvesting rainwaters to ensure adequate supply and seed production during adverse drought conditions.

(ii) Flood risk

Floods mostly destroy crops, cultivated lands and settlements, which leads to hunger, and leaves a large number of people without shelter. The government through the Agricultural Seed Agency (ASA) has a plan to establish a strategic seed reserve which it will be used in disasters like floods or after prolonged drought. The government through TARI and the seed Sector is ensuring the conservation of biodiversity crop species and native species in the National Seed banks.

(iii) Pest risk

Pests (mainly Rodents, Locusts, and *Quelea quelea*) destroy crops both food and cash crops in the form of grains or plantations before harvest. In the Agricultural Seed Agency in all Seed farms, pest management is done at all levels by combating all the pest management practices including (IPM) to reduce the risk of losing seeds through crop damage.

(iv) Market risk

Markets are mainly the driving forces for increasing production. In most cases, farmers have tended to abandon crops that fetch low market prices. On the other hand, the purchasing power of the farmer tends to dwindle in the case of unfavourable markets leading to low productivity. To say the least crop markets are unpredictable and pose a great risk to the Government's efforts to bring about a green revolution or agricultural development in the country.

The market of seeds is directly proportional to the market of grain produce from farmers to reduce the risk of the market. ASA will be producing seeds after a strong market analysis of grain to farmers from the previous three consecutive years, but production through Irrigation will help because the Agency will produce as per demand from farmers from private seed companies and farmers groups or cooperatives.

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(v) Price fluctuation risk

Changes in the average price of agricultural commodities in the world market can influence the agriculture sector either positively or negatively. High prices can encourage more production for exports while low prices might lower production to avoid losses. Unfortunately, Developing countries (including Tanzania) priced.

(vi) Post-harvest loss as a risk

The fact that despite the effects and resources inverted to train Facilitation Teams (FTs) in the Local Government Authorities (LGAs) in post-harvest technologies, all these may amount to nothing if similar efforts or resources and activities not transmitted to the eventual target groups - farmers and rural population. This may result in increased post-harvest losses and hence reduced food availability.

Reduced food availability will mean more food and resources will be required to meet the requirements of the food-insecure population.

The government through ASA has established standard operating procedures that instruct how to deal with seed treatment to reduce pests as well as processing procedures to reduce post-harvest losses.

(vii) Human resource risk

Agriculture Seed Agency, several employees are in retirement age without proper replacement systems, especially technical ones. The agency asked establishments to recruit new staff to replace those retired employees and encourage employees to join our organization through Ministerial transfer.

In addition, there have been acting for managerial positions for more than six (6) months such as Directors and Managers. The Agency advise the government to fester the process of confirmation as the long-term acting of managerial personnel affects the performance and decision-making of the agency.

8. STATEMENT OF RELATED PARTY TRANSACTION

8.1 Key management personnel remuneration

Category	TZS
Gross Salaries	212,400,000
Other remunerations	206,400,000

For the Agricultural Seed Agency, key Personnel include the Chief Executed officer, Directors and Managers. They have been acting in managerial positions for more than six (6) months.

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The Agency advises the government to fasten the process of confirmation, and the long-term acting of managerial personnel affects the performance and decision-making of the Agency.

8.2 Employees

The number of employees at the end of the year 2022/23 is 308 compared to 177 of last year 2021/22. The difference is the result of the recruitment of 131 new staff.

9. CAPITAL MANAGEMENT

The Entity's capital is its equity (or taxpayers' funds), which comprises accumulated surplus/deficit and taxpayers' funds. Equity is represented by net assets.

The objective of managing these items is to achieve sustainable equity, which is a principle promoted in the Act and applied by the Entity. Sustainability of equity requires today's ratepayers to meet the costs of utilizing the Entity's assets and not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programs, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

10. SERVICE IN KIND

The agency did not receive any Service in kind during the year under review.

11. EVENTS AFTER REPORTING DATE

No event occurred at the time financial statements were prepared.

12. CONTINGENT LIABILITIES

The Agency has no legal obligation as of 30 June 2023, all pending legal cases in the previous year were settled with no obligation to the entity.

13. COMPARATIVE FIGURES

Previous year's balances regrouped whenever appropriate for comparison purposes.

14. GOVERNMENT CONTRIBUTION

During the year, the Agency distributed 1,103 tons of sunflower and wheat seeds and 106,064 seedlings of avocado and palms all worth TZS 2,471,160,000.00

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	TZS 2023	TZS 2022
17 - Revenue from Exchange Transactions		
Sales of Seed	5,084,532,263	4,025,477,436
Sales of Grain	29,801,000	34,562,380
Sales of by-product	1,172,576,667	-
House rent	5,000,000	6,250,000
Land Lease	251,923,250	73,297,500
	6,543,833,180	4,139,587,316
Add: Debtors Recovery (Account Receivables)	206,148,000	55,882,155
Less: Debtors during the year	(1,339,856,750)	-
Actual collection	5,410,124,430	4,195,469,471
31 - Other Revenue		
Miscellaneous Receipts	148,229,214	-
	148,229,214	-
32 - Subvention from other Government entities		
Government Grant Development Foreign	15,230,730,172	8,000,000,000
Subvention - Capital Local	3,000,000,000	1,075,929,034
Subvention - Other charges	34,307,184	-
A FDP	604,780,030	0
Total Cash Received (CF)	18,869,817,385	9,075,929,034
Less: Closing balance	(1,048,255,507)	-
Add: Non cash revenue		
Government Grant - PE	1,030,687,000	-
Non-Monetary Revenue	1,330,896,925	6,255,587,555
	20,183,145,802	6,255,587,555
Add: Opening Differed Income	0	1,957,366,718
Less: Closing Differed Income	(1,048,255,507)	0
Amortized amount (SoFP)	19,134,890,294	17,288,883,307
34 - Wages, Salaries and Employee Benefits		
Acting Allowance	4,684,500	3,036,017
Casual Labour	761,819,968	1,604,271,909
Civil Servants	1,033,865,600	1,238,402,581
Other Allowances	-	19,431,726
Court Attire Allowance	500,000	-
Telephone	11,155,000	-
Electricity	11,370,000	-
Electricity Allowance	-	9,780,000
Extra-Duty	162,007,137	115,442,500
Food and Refreshment	33,076,500	-
Furniture	22,394,000	-
Honoraria	14,000,000	6,500,000
Housing Allowance	35,280,000	24,000,000
Internship Allowance	-	57,550,000
Leave Travel	175,000,000	79,849,000
Medical and Dental Refunds	-	1,060,000
Moving Expenses	71,393,300	156,009,150
Non-Civil Servant Contracts	125,525,521	-
Outfit Allowance	1,075,000	1,160,000
Subsistence Allowance	30,000,000	-
Sitting Allowance	129,931,000	263,323,200
	2,623,078,526	3,579,816,083

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35 - Use of Goods and Service	TZS 2023	TZS 2022
Accommodation	267,272,039	1,831,000
Advertisement and Publications	61,622,680	52,686,830
Agricultural Chemicals	856,606,478	28,231,647
Cleaning Supplies	42,786,080	-
Computer Software	855,680	-
Computer Supplies and Accessories	10,861,846	11,409,156
Office Consumables	100,906,501	26,541,225
Diesel	391,988,872	569,936,977
Electricity	37,684,293	35,173,406
Food and Refreshment	32,493,120	63,688,881
Rent - Office Accommodation	6,760,000	-
Conference Facility	56,404,876	-
Fertilizer	407,161,716	398,537,288
Fumigation	53,830,885	-
Gift and Prizes	7,000,000	-
Ground Transport	79,402,709	338,747,273
Air Travel	17,755,438	3,411,800
Internet and Email Connections	4,536,254	15,007,680
Consultancy Fees	-	16,100,000
Exhibition, Festivals and Celebrations	8,742,273	1,285,000
Outsourcing Costs	156,882,294	102,627,254
Technical Materials	405,388,991	808,972,527
Technical Service Fees	38,008,800	116,291,000
Per Diem - Domestic	1,735,904,906	675,681,174
Per Diem - Foreign	34,288,183	-
Printing Materials	30,176,840	6,113,559
Posts and Telegraphs	4,124,307	2,651,600
Protective Clothing, footwear and gear	7,757,902	231,017
Rent House	-	6,561,500
Land Rent	-	50,338,625
Rent of Vehicle and Crafts	661,948,978	375,622,915
Seeds	5,729,252,086	5,165,592,727
Special Uniform and Clothing	18,400,000	-
Subscription Fee	6,470,000	18,299,828
Audit Fee	-	30,022,100
Training Allowance	-	21,268,000
Telephone Charges (Land Lines)	3,593,119	9,870,000
Tuition Fees	8,904,000	5,200,000
Water Charges	14,369,328	35,615,358
Total payment	11,300,141,474	8,993,547,349
Add: Payables for the previous year (cash flow)	1,348,313,429	167,532,890
Less: Payable for the year	362,040,050	-
Total cash payment	12,286,414,853	8,826,014,459

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	TZS 2023	TZS 2022
36 - Maintenance Expenses		
Air Condition	1,280,031	-
Cement, Bricks and Building Materials	531,750,404	-
Metal Fence and Posts	919,871,862	-
Outsource maintenance contract services	35,650,724	109,486,862
Electrical and cabling materials	4,260,000	-
Small Tools and Implements	18,830,000	1,253,400
Spare Parts	88,825,740	27,502,453
Tyres and Batteries	115,671,760	52,396,270
Motor Vehicles and Water Craft	616,886,948	-
Pipes and Fittings	-	2,770,000
Actual payment	2,333,027,469	193,408,984
Note 37 - Depreciation of Property, Plant and Equipment		
Boreholes	3,910,467	3,910,467
Hardware: Serves and equipment	19,719,788	19,719,788
Irrigation construction equipment	366,151,463	366,151,463
Motorbikes, Motorcycle and bicycles	24,646,429	24,646,429
Office building and structures	129,614,720	116,347,586
Office furniture and fitting	5,646,152	5,646,152
Motor Vehicles	56,411,360	35,653,276
Office equipment and installation	2,957,080	2,957,080
Other office equipment	21,538,477	21,538,477
Plant and Machinery	100,070,749	100,070,749
Pumps	459,708	459,708
Total	731,126,391	697,101,173
52 - Other Expenses		
Audit fees	30,000,000	-
Bad and Doubtful expenses	378,705,594	-
Bank Charges and Commissions	856,620	800,000
Burial Expenses	6,600,000	1,500,000
Consultancy Fees	8,894,860	-
Legal fees	636,000	-
Negotiated Compensation	72,779,740	-
Other Payments	0	-
Sundry Expenses	40,718,594	1,749,500
Actual payment	538,334,399	4,049,500
62 - Cash and Cash Equivalents		
BoT Ownsource Collection Account	1,048,255,508	183,912,322
Ownsource Collection Account - CRDB	130,226,184	96,693,626
AFDP - NBC	95,501,010	-
	1,273,982,702	280,605,948
67 - Receivables		
Other receivables	2,663,166,595	1,529,457,845
Staff advances and imprest	85,077,000	-
	2,748,243,595	1,529,457,845

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	TZS 2023	TZS 2022
70 - Inventories		
Seed	1,393,345,570	2,127,793,256
Agricultural Chemical	444,116,380	132,456,475
Seed Packages	-	94,239,870
Consumables	45,082,000	-
	1,882,543,950	2,354,489,600
89 - Payables and Accruals		
Supplies and consumables	2,290,702,150	3,646,275,672
	<u>2,290,702,150</u>	<u>3,646,275,672</u>
93 - Deferred Income		
Opening deferred	0	1,957,366,718
Grants received during the year	20,183,145,802	9,075,929,034
Amortized Grants	19,134,890,294	11,033,295,752
Closing Deferred capita grant	<u>1,048,255,507</u>	<u>0</u>
102 - Other Borrowings From Government Entities		
AGITIF	0	92,410,487
	<u>0</u>	<u>92,410,487</u>

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Non-Current Assets Movement as of 30 June 2023

S/N	TYPE OF PROPERTY	COST	ADDITIONAL			BALANCE AS AT 30TH JUNE, 2023	ACC DEPR	DEPRECIATION DURING THE YEAR	BALANCE AS AT 30TH JUNE, 2023	CARRYING VALUE
			MONETARY	NON-MONETARY	TRANSFER					
1	Land	8,603,994,000				8,603,994,000	-		-	8,603,994,000
2	Buildings	5,817,379,280	-	-	663,356,714	6,480,735,995	1,590,832,001	129,614,720	1,720,446,721	4,760,289,274
3	Motor Vehicles	1,512,284,378	-	103,790,420		1,616,074,798	1,369,671,276	56,411,360	1,426,082,635	189,992,163
4	Motor Cycles	172,525,000	32,298,370	-		204,823,370	162,605,138	24,646,429	187,251,566	17,571,804
5	Plant & Machine	6,573,694,227	-	1,227,106,505		7,800,800,732	5,190,738,592	100,070,749	5,290,809,341	2,509,991,391
6	Furniture	143,568,759	-	-		143,568,759	126,630,304	5,646,152	132,276,456	11,292,303
7	Office Equipment	293,081,384	-	-		293,081,384	235,477,468	21,538,477	257,015,945	36,065,439
8	Computer	142,466,150	-	-		142,466,150	98,909,338	19,719,788	118,629,125	23,837,025
9	Irrigation System	9,153,786,579	-	-		9,153,786,579	2,531,487,757	366,151,463	2,897,639,220	6,256,147,359
10	Water Borehole	58,657,000	-	-		58,657,000	33,060,933	3,910,467	36,971,400	21,685,600
11	Water Pump	6,895,627	-	-		6,895,627	1,381,424	459,708	1,841,132	5,054,495
12	Road Network	264,580,000	-	-		264,580,000	264,580,000		264,580,000	-
13	Container	73,927,000	-	-		73,927,000	8,871,160	2,957,080	11,828,240	62,098,760
14	WIP	1,565,083,731	5,529,230,172	-	-663,356,714	6,430,957,188				6,430,957,188
	Grand Total	34,381,923,115	5,561,528,542	1,330,896,925	-	41,274,348,582	11,614,245,390	731,126,391	12,345,371,781	28,928,976,800

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Non-Current Assets Movement as of 30 June 2022

S/N	TYPE OF PROPERTY	COST	ADDITIONAL		TRANSFER	BALANCE AS AT 30TH JUNE, 2022	ACCUMULATED DEPRECIATION	DEPRECIATION DURING THE YEAR	BALANCE AS AT 30TH JUNE, 2022	CARRYING VALUE
			MONETARY	NON-MONETARY						
1	Land	8,603,994,000				8,603,994,000	-		-	8,603,994,000
2	Buildings & Structures	4,365,457,380	550,742,928	447,764,972	453,414,000	5,817,379,280	1,474,484,415	116,347,586	1,590,832,001	4,226,547,279
3	Motor Vehicles	1,334,018,000	178,266,378	-		1,512,284,378	1,334,018,000	35,653,276	1,369,671,276	142,613,102
4	Motor Cycles	172,525,000		-		172,525,000	137,958,709	24,646,429	162,605,138	9,919,862
5	Plant & Machines	6,126,694,227	89,400,000	357,600,000		6,573,694,227	5,090,667,844	100,070,748	5,190,738,592	1,382,955,635
6	Furniture	143,568,759	-	-		143,568,759	120,984,152	5,646,152	126,630,304	16,938,455
7	Office Equipment	270,718,355	17,301,695	5,061,334	-	293,081,384	213,938,991	21,538,476	235,477,467	57,603,917
8	Computers	125,997,200	-	16,468,950		142,466,150	79,189,550	19,719,788	98,909,338	43,556,812
9	Irrigation System	3,674,041,000	51,053,280	5,428,692,299	-	9,153,786,579	2,165,336,294	366,151,463	2,531,487,757	6,622,298,822
10	Water Boreholes	58,657,000	-	-		58,657,000	29,150,467	3,910,467	33,060,933	25,596,067
11	Water Pump	6,895,627	-	-		6,895,627	921,715	459,708	1,381,424	5,514,203
12	Road Network	264,580,000	-	-		264,580,000	264,580,000		264,580,000	-
13	CoIntainer	73,927,000		-		73,927,000	5,914,080	2,957,080	8,871,160	65,055,840
14	WIP	694,796,448	1,323,701,283	-	453,414,000	1,565,083,731				1,565,083,731
	Grand Total	25,915,869,996	2,210,465,563	6,255,587,555		34,381,923,115	10,917,144,217	697,101,173	11,614,245,390	22,767,677,725