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

	Share Capital	Accumulated Surplus Restated	Total Restated
	TZS 000'	TZS 000'	TZS 000'
Balance on 1 July2019	**3,439,082**	60,062,695	63,501,777
Prior year adjustments	-	(28,398)	(28,398)
Surplus / Deficit for the year	-	5,171,825	5,171,825
Balance on 30 June2020	**3,439,082**	**65,206,122**	**68,645,204**
Balance as at 1 July 2020	3,439,082	65,206,122	68,645,204
Prior year adjustment	-	16,289	16,289
Restated Balance As At 1July 2020	**3,439,082**	**65,222,411**	**68,661,493**
Surplus / Deficit for the year	-	6,936,581	6,936,581
At 30 June 2021	**3,439,082**	**72,158,992**	**75,598,074**

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

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Prof. Emmanuel A. Mjema
VICE CHAIRMAN-GOVERNING COUNCIL

....
Dr.Imanueli D. Mnzava
Ag. RECTOR

Date: 17·03·2022

CASH FLOWS STATEMENT FOR YEAR ENDED 30 JUNE 2021

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

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

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Prof. Emmanuel A. Mjema
VICE CHAIRMAN-GOVERNING COUNCIL

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Dr.Imanueli D. Mnzava
Ag. RECTOR

Date: 17.03.2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED 30 JUNE 2021

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

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

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

1.0 REPORTING ENTITY

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

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

2.0 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2.1.1 Basis of measurements

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

2.1.2 Use of estimates and judgements

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

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

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

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

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

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

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

d. Provisions

Provisions were made and the management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

e. Going concern

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

f. Impairment of assets carried at amortised cost

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

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

g. Impairment of other financial assets

Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

h. Useful life of Property and Equipment

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

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

2.1.3 Changes in Accounting Standard

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

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

Table 16: Standards which are not yet effective

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

***Source:** NBAA Technical Pronouncement*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments deal with:

- **Recognizing and Measuring an Impairment Loss**

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

- **Reversing an Impairment Loss**

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

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

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

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

- **Recognizing and Measuring an Impairment Loss**

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

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

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

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

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

(vii) Amendments to IPSAS 40, Public Sector Combinations

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

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

2.2 Revenue classification

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

2.1.4 Exchange transactions

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

2.1.5 Non-exchange transactions

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

2.2 Revenue Recognition

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

a) **Government grants**

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

b) **Tuition and Other Fees**

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

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

c) **Interest and Dividend Income**

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

d) **Rental Income**

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

e) **Donation**

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

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

2.3 Property, Plant and Equipment

Property, Plant and Equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that the future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charges to the Statement of Financial Performance during the financial period in which they are incurred.

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

a) Depreciation

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

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

Table 17: Depreciation Rates and Useful life

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

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

b) **Major renovations**

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

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

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

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

d) **Books**

Books acquired for the library are capitalized and depreciated.

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

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

2.4 Intangible Assets

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

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

a) **Amortization**

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

b) Residual Value

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

2.5 Leases

a) Institute as a lessee

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

b) Institute as lessor

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

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

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

2.6 Impairment of non-financial assets

a) Impairment of cash-generating assets

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

In assessing value in use, the estimated future cash flow is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

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

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

b) Impairment of non-cash -generating assets

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

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

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

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

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

c) **Impairment losses**

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

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

2.7 Investment in Shares

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

2.8 Financial Instruments

a) Financial Assets

i) Initial recognition and measurement

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

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

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

ii) **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

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

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

- **Loans and receivables**

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

- **Held-to-maturity**

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

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

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

  After initial measurement, available-for-sale financial investments are subsequently measured at fair value with gains or losses recognized directly in net assets through the statement of changes in net assets until the financial asset is derecognized, at which time the cumulative gain or loss is recognized in surplus or deficit.

iii) **Derecognition**

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

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

iv) **Impairment of financial assets**

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

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

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

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

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

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

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

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

  In the case of debt instruments classified as available-for-sale, impairment is assessed base on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulate loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in surplus deficit.

b) **Financial liabilities**

i) **Initial recognition and measurement**

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

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

ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification.

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

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

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

- **Loans and borrowing**

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

iii) **Derecognition**

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

c) Offsetting of financial instruments

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

d) Fair value of financial instruments

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

2.9 Inventories

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

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

2.10 Deposits, prepayments and receivables

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

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

2.11 Provisions

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

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

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

- **Contingent liabilities**

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

- **Contingent assets**

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

2.12 Cash and cash equivalents

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

2.13 Related party

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

2.14 Trade and other payables

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

2.15 Foreign currency translation

a) Functional and presentation

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

b) Transaction and balance

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

2.16 Presentation of the budget information

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

2.17 Employees benefits

a) Undefined benefit plan

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

b) Defined contribution plan

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

c) **Gratuity**

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

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

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

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

e) **Termination benefits**

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

d) **Retirement benefits**

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

3.0 Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Institute's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.0 Financial Risk Management

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

4.1 Credit risk

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Institute's investments, loans to staff, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was:

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

- **Credit quality**

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

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

- **Investment in equity**

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

- **Receivables**

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

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

- **Cash and cash equivalents**

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

4.2 Liquidity risk

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

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

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

4.3 Market risk

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

4.4 Currency risk

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

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

30 June 2020

	Pound	EURO	USD
Receivables	57,203.64	56,583.00	220,851.45
Cash and cash equivalents	16,973.02	5,363.02	122,410.40
	74,176.66	**61,946.02**	**343,261.85**

30 June 2021

	Pound	EURO	USD
Receivables	55,031.92	56,028.61	228,035.90
Cash and cash equivalents	18,080.88	0	173,725.00
	73,112.80	**56,028.61**	**401,760.90**

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

4.5 Price risk management

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

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

NOTE 5: CASH AND CASH EQUIVALENTS

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

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

NOTE 6: INVENTORIES

	2020/21	2019/20
	TZS'000	TZS'000
Stationery Stocks	26,399	26,435
Materials for Construction	17,353	
TOTAL	**43,752**	**26,435**

Inventories are not held for sale

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

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

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

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

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

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

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

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

NOTE 8: FINANCIAL ASSETS

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

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

NOTE 9: WORK IN PROGRESS

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

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

NOTE: 10A PROPERTY, PLANT AND EQUIPMENT

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

Note: Library books reported exclude10,096 donated books received from various doners with fair values not established.

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

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

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

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

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

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

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

NOTE11: CAPITAL FUND

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

	2020/21 TZS'000	2019/20 TZS'000
URT Government Contributions	1,558,504	1,558,504
Tanzania Education Authority	36,824	36,824
Government Grant	711,691	711,691
Mac Donald Grant	131	131
CIDA Grants	2,297	2,297
World Bank	651,199	651,199
IDA Credit	449,438	449,438
Others	28,998	28,998
TOTAL	**3,439,082**	**3,439,082**

NOTE 12: PROVISION FOR EMPLOYMENT BENEFITS

	2020/21 TZS'000	2019/20 TZS'000
Opening balance	264,004	112,000
Payments made in 2020/2021	(73,862)	(88,900)
Provision for retirement benefits payable in (2021/2022) charged to Statement of Financial Performance	149,602	240,904
Closing balance	**339,744**	**264,004**

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

NOTE 13: PAYABLES AND ACCRUALS UNDER EXCHANGE TRANSACTIONS

	2020/21 TZS'000	2019/20 TZS'000
Suppliers deductions payable	8,925	4,500
Students - NHIF	275,974	280,304
HESLB tuition fees	29,510	85,551
NACTE fees	17,470	13,210
Accrued expenses	127,180	144,552
Debtors with credit balances	469,958	598,726
Deposit payable	1,100,014	962,424
Other creditors	1,133,680	1,286,403
TOTAL	**3,162,711**	**3,375,670**

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

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

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

NOTE 14 DEFERRED INCOME UNDER EXCHANGE TRANSACTIONS

	2020/21	2019/20
	TZS '000'	TZS '000'
Welfare Funds	5,435	15,910
Tuition received from students not yet registered	103,575	143,631
TOTAL	**109,010**	**159,541**

NOTE 15: DEFERRED INCOME UNDER NON-EXCHANGE

	2020/21	2019/20
	TZS'000	TZS'000
Opening balance	17,649	17,649
TOTAL	**17,649**	**17,649**

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

NOTE 16: REVENUE FROM EXCHANGE TRANSACTIONS - TUITION FEES

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

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

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

Personnel emoluments	8,476,676	8,510,728
Development funds	1,496,000	-
TOTAL	**9,972,676**	**8,510,728**

		2020/21 TZS'000	2019/20 TZS'000
NOTE 18:	**FAIR VALUE ADJUSTMENTS AND EXCHANGE GAINS**		
	(Loss)/gains on investment in shares	64,908	9,273
	Foreign exchange gains	42,201	12,414
	TOTAL	**107,109**	**21,687**
NOTE 19:	**OTHER REVENUE**		
	Registration and identity fees	325,033	321,100
	Field supervision	1,048,000	894,200
	Miscellaneous income	1,606,125	1,568,076
	Consultancies fees	713,812	238,818
	Dividend	17,177	-
	TOTAL	**3,710,147**	**3,022,194**

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

NOTE 20:	**OPERATING EXPENSES**		
	Estate and buildings (Routine maintenance & repairs of buildings)	719,291	600,796
	Academic services (Educational materials, services & Supplies)	2,032,986	1,940,763
	Utilities, Supplies and Services	967,118	642,776
	Rental Expenses	704,862	634,982
	Printing & Research	574,088	259,019
	Agency Fees	9,618	48,378
	Office and General Supplies & Services	932,212	779,349
	Communication and Information expenses	228,030	303,371
	Outsourced Cleaning & Security Services	555,341	464,797
	TOTAL	**6,723,546**	**5,674,231**

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

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

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

(iii) Expenses relating to academic services and rental of space increased on account of number of student's that had to undertake examinations. As a result examination related cost went up.

NOTE 21: SALARIES AND EMPLOYEE BENEFITS

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

(i) Expenses on salaries and employees benefits aggregated to TZS 14,815.5 million (2019/20: TZS 13,913.9 million) hence registering an increase of 7.6 percent. The noted increase was mainly due to special allowance and professional allowance paid to IFM employees following increase in teaching and other related activities mainly on account of increased number of students and programs.

(ii) Expenses on retirement awards increased following separation from employment of more senior staff compared to previous year. Retirement expenses for 2020/21 included provision for retirement benefits amounting to TZS 339.7million payable to prospective retirees in 2021/22.

(iii) Moving expenses amounted to TZS 192.2 million (2019/20: TZS 31.1 million) following increase in the number of staff members transferred to up country campuses.

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

NOTE 22: ADMINISTRATIVE EXPENSES

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

(i) Administration expenses amounted to TZS 6,804.2 million (2019/20: TZS 5,435.4 million). The increase of TZS 1,368.8 million, representing 25 % was mainly attributed to printing cost of examination booklets following increased number of students.

(ii) Travelling expenses increased by TZS 227.2 million from previous year. This was caused by several visits to the ongoing construction projects at Simiyu and Geita.

(iii) Depreciation expenses increased to TZS 1,695.4 million (2019/20: TZS 1,328.8 million) on account of additional non-current assets procured and put into use during the year.

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

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

NOTE 23: FAIR VALUES OF FINANCIAL INSTRUMENTS

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

30June 2021	Carrying amounts	Fair value
Financial assets	TZS '000'	TZS '000'
Receivables from exchange transactions	4,236,864	4,236,864
Financial assets available for sale (Investments in quoted shares)	166,907	166,907
Cash and cash equivalents	8,826,208	8,826,208
	13,229,979	**13,229,979**
Financial liabilities		
Financial liabilities at amortised cost	3,162,711	3,162,711

30 June 2020	Carrying amounts	Fair value
Financial assets	TZS '000'	TZS '000'
Receivable from exchange transactions	2,630,219	2,630,219
Financial asset available for sale (Investment in quoted shares)	101,998	101,998
Cash and cash equivalents	7,302,746	7,302,746
	10,034,963	**10,034,963**
Financial liabilities		
Financial liabilities at amortised cost	3,375,670	3,375,670

Financial liabilities at amortised cost

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

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

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

NOTE 24: FINANCIAL INSTRUMENTS CATEGORIES

30 June 2021	Loans and receivables TZS'000	Available for sale TZS'000	Available for sale TZS'000
Financial assets			
Receivables from exchange transactions (Note 7)	4,236,864	0	4,236,864
Financial assets available for sale Investment in quoted shares)-Note 8	-	166,907	166,907
	4,236,864	**166,907**	**4,403,771**

	Financial Liabilities at amortised cost TZS'000
Financial liabilities	
Payables and accruals (Note 13)	3,162,711

30 June 2020	Loans and receivables TZS'000	Available for sale TZS'000	Available for sale TZS'000
Financial assets			
Receivables from exchange transactions (Note 7)	2,630,219	0	2,630,219
Financial asset available for sale (Investment in quoted shares) -Note 8	-	101,998	101,998
	2,630,219	**101,998**	**2,732,217**

	FinancialLiabilities atamortized cost TZS'000
Financial liabilities	
Payables and accruals (Note 13)	3,375,670

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

NOTE 25: FAIR VALUE HIERARCHY AND MEASUREMENT

30 June 2020 Financial assets	Level 1 TZS'000	Level 2 TZS'000	Total TZS'000
Receivables from exchange transactions	2,630,219	0	2,630,219
Financial assets available for sale (Investment in quoted shares)	101,998	0	101,998
	2,732,217	-	2,732,217
Financial liabilities			
Financial liabilities at amortised cost	-	3,375,670	3,375,670

NOTE 26: FAIR VALUE HIERARCHY AND MEASUREMENT

30 June 2021 **Financial assets**	Level 1 TZS'000	Level 2 TZS'000	Total TZS'000
Receivables from exchange Transactions	4,236,864	0	4,236,864
Financial assets available for sale			0
(Investment in quoted shares)	166,907	0	166,907
	4,403,771	-	4,403,771
Financial liabilities at amortised Cost	-	3,162,711	3,162,711

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

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

NOTE 27 CASH FLOW STATEMENT NOTES

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

Tuition fees received in the year	23,340,881	18,409,730
Tuition fees received from HESLB & students for previous year	922,358	2,264,951
Total collection during the year	**24,263,239**	**20,674,681**

Note 27 (ii): OTHER REVENUE

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

	2020/21	2019/20
	TZS'000	TZS'000
Consultancies	713,812	356,836
Total	**3,614,783**	**3,140,212**

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

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

Note 27 (iv): OTHER EXPENSES

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

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

NOTE 27(vi) PROPERTY, PLANT AND EQUIPMENT		
Opening balance	540,923	
Additional assets as per Note 10A	3,367,873	1,989,288
Paid during the year	4,567,746	1,448,365
Payables/	(658,950)	540,923

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

NOTE 28: RELATED PARTY TRANSACTIONS AND BALANCES

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

Key management personnel

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

Governing Council Members

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

Transaction with key management

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

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

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

NOTE 29: EVENTS AFTER REPORTING DATE

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

NOTE 30: PRIOR YEARS' ADJUSTMENTS

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

NOTE 31: COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

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

Operating lease commitment

Institute as a lease

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

	2020/21	2019/20
	TZS'000	TZS'000
Due within one to five years	1,724,877	1,591,776
	1,724,877	**1,591,776**

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

Contingent liabilities

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

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

NOTE32: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

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