



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF SOKOINE UNIVERSITY OF
AGRICULTURE FOR THE YEAR ENDED
30TH JUNE 2017**

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February, 2018

AR/SUA/2017

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ABBREVIATIONS

CAG	Controller and Auditor General
IAS	International Accounting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISSAIs	International Standard of Supreme Audit Institutions
MDAs	Ministries, Departments and Agencies
NAO	National Audit Office
PAA	Public Audit Act No.11 of 2008
PAC	Public Accounts Committee
PAR	Public Audit Regulation, 2009
PFA	Public Finance Regulations, 2009
PPA	Public Audit Act No.11 of 2008
PPR	Public Procurement Regulations, 2013
SUA	Sokoine University of Agriculture
URT	United Republic of Tanzania
VC	Vice Chancellor

1.0 GENERAL INFORMATION

1.1. Vision, Mission and Core Values

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core Values

In providing quality services, NAO is guided by the following Core Values:

- ✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner.
- ✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices.
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior, rule of law and a strong sense of purpose.
- ✓ **People focus:** We value, respect and recognize interest of our stakeholders.
- ✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution.
- ✓ **Results Oriented:** We are an organization that focuses on achievement based on performance targets.
- ✓ **Team work Spirit:** We work together as a team, interact professionally, share knowledge, ideas and experiences.

We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

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1.2. Audit Objectives

To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and are prepared in accordance with an applicable financial reporting framework; and whether laws and regulations have been complied with.

1.3. Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

1.4. Audit Scope

The audit was carried out in accordance with the, the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. This covered the evaluation of the effectiveness of the financial accounting system and internal control over various activities of the Sokoine University of Agriculture.

The audit was conducted on a sample basis; therefore, the findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to me. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the activities as well as evaluation of the Internal Control System which requires management's attention and actions, are set out in the management letter issued separately to the Sokoine University of Agriculture.

As auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatement in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of the Sokoine University of Agriculture.

1.5. Audit Methodology

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures included the following:

- Planning the audit to identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained.
- Follow up on the implementation of the previous year's audit findings and recommendations to ensure that proper action has been taken in respect of all matters raised.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

**REPORT OF THE UNIVERSITY COUNCIL (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

2.0 REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017

2.1 Introduction

The Council Members of Sokoine University of Agriculture are pleased to present herewith their report together with the audited financial statements for the year ended 30 June 2016, which disclose the state of affairs of the University.

2.2 Establishment

Sokoine University of Agriculture (SUA) was established out of the former Faculty of Agriculture, Forestry and Veterinary Science of the University of Dar es Salaam on 1 July 1984 by Act No. 6 of Parliament. This Act was later repealed by the Universities Act of 2005, which resulted into granting the SUA Charter of 2007.

2.3 Principal Activities

The principal activities of Sokoine University of Agriculture as stipulated by SUA Charter, among others are as follows:

- a) To prepare graduates to work with Tanzania Community in agriculture, wildlife, livestock, environment and allied sectors for the purpose of development and strengthening of the national economy.
- b) To provide facilities for the conduct of the University education in the fields of/ or related to agriculture, fisheries, forestry, veterinary, environmental science and allied fields.
- c) To conduct examinations for, and to grant degrees, diplomas, certificates and other awards of the University.
- d) To conduct applied and basic research with or without cooperation with other Institutions.
- e) Preservation, transmission, dissemination and enhancement of knowledge in the fields of agriculture, fisheries, forestry, veterinary, environment issues and allied sciences.

2.4 Vision

To be a leading University in the provision of quality knowledge and skills in agriculture and allied sciences.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

**REPORT OF THE UNIVERSITY COUNCIL (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

2.5 Mission

To promote development in agriculture, natural resources and allied sectors through training, research and delivery of services.

In achieving its vision and fulfilling its mission, the University upholds the principles of academic excellence; integrity, and freedom; efficiency; participatory management, social responsibility; equity and justice; professional and ethical standard and, continuous learning.

2.6 University Council

The University Council is the highest organ at Sokoine University of Agriculture responsible for the overall management of the University. Ordinary meetings of the University Council are held quarterly in a year in accordance with the University charter. In this year 2016/2017, four meetings were held whereby various decisions were made including but not limited to approving the budget for the financial year 2017/2018, audited financial statements, examination results, and new courses of study, promotion and terminations.

(i) List of members of the University Council who served the University throughout the financial year 2016/17

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served in years	Appointee's Authority
1	Hon. Phillemon L. Luhanjo	Chairman	Tanzanian	66	Masters of Public Administration	4	Appointee of the President of the United Republic of Tanzania
	65			M.A (International Relations)	1		
2	Prof. Esther Mwaikambo	Vice-Chair	Tanzanian		Master of Medicine (Paediatrics and Child Health)	1	Appointee of the Chancellor
3	Prof. G .C. Monela	Member	Tanzanian	60	PhD (Resource Economics)	11 years	Appointee of the President of the United Republic of Tanzania
	Prof. R.T. Chibunda			51	PhD (Environmental Technology)	2 months	
4	Prof. P.R. Gillah	Member	Tanzanian	59	PhD (Wood Science and Technology)	6	Deputy Vice-Chancellor-Academic (Ex-Official)
5	Prof. Y. M. Ngaga	Member	Tanzanian	59	(PhD) Resource Economics)	3	Deputy Vice-Chancellor - Administration & Finance (Ex-Official)
6	Mrs. Maryam J. Saadalla	Member	Tanzanian	47	M.Phil in Biotechnology	1	Appointee of the Revolutionary

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

							Government of Zanzibar
7	Mr. B. A. Malema	Member	Tanzanian	54	MSc. Agricultural Education and Extension	1	Appointee of the Minister responsible for Agriculture, Livestock and Fisheries
8	Prof. E.M. Nyankweli	Member	Tanzanian	44	PhD (International Development Studies)	1	Appointee of the Minister responsible for Education, Science and Technology
9	Prof. R.T. Chibunda	Member	Tanzanian	51	PhD (Environmental Technology)	1	Appointee of the Minister responsible for Education, Science and Technology

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

2.6 Members of the University Council (Continued)

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served (years)	Appointee's Authority
10	Mej. Jen. G. S. Milanzi	Member	Tanzanian	60	Master of Security and Strategic Studies	1	Appointee of the Minister responsible for Natural Resources and Tourism
11	Dr. C.A. Mwamwaja	Member	Tanzanian	50	PhD (Finance)	1	Appointee of the Minister responsible for Planning and Finance
12	Mr. W. M. Makere	Member	Tanzanian	56	Diploma in Management Human Resources	5	Elective of Trade Union Congress of Tanzania (TUCTA)
13	Prof. R. S. Mukandala	Member	Tanzanian	63	PhD (Political Science)	9	Elective of the SUA Senate
14	Mr E. Kunyara	Member	Tanzanian	31	B.Sc.(Education), Student	1	Elective of SUA Students Organization (SUASO)
15	Dr. C. W. Werema	Member	Tanzanian	37	MSc. (Molecular Biology)	2	Elective of SUA Academician Staff association (SUASA)
16	Ms. G. L. Donati	Member	Tanzanian	56	MSc. Human Nutrition	2	Elective of the Researchers, Academician & Alliance Workers Union (RAAWU) -SUA
17	Mrs. L. M. Gillah	Corporate Counsel & Secretary to Council	Tanzanian	47	Master of Laws (LLM)	6	University Council

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2.6 Members of the University Council (Continued)

(ii) Register of attendance of Council Members in the University Council meetings

S/N	Member's Name	Attendance of Members in meetings			
		29/09/2016	15/12/2016	30/03/2017	29/06/2017
1	Hon. Phillemon L. Luhanjo	P	P	P	AP
2	Hon. Justice Mohamed C. Othman	N/A	N/A	N/A	P
3	Prof. Esther D. Mwaikambo	N/A	N/A	P	P
4	Prof. Gerald C. Monela	P	P	P	N/A
5	Prof. Raphael T. Chibunda	AP-R	P	P	P
6	Prof. Peter R. Gillah	P	P	P	AP-R
7	Prof. Yonika M. Ngaga	P	P	P	P
8	Mej.Jen. Gaudence S. Milanzi	AP-R	AP-R	AP-R	AP-R
9	Mr. Winston Makere	P	P	P	P
10	Mr. Beatus A. Malema	N/A	P	AP	P
11	Mrs.Maryam J. Saadalla	N/A	P	P	P
12	Dr. Chacha W. Warema	P	P	P	P
13	Mr. Edward Kunyara	N/A	P	P	N/A
14	Mr. Laurent Peter	N/A	N/A	N/A	P
15	Prof. E. M. Nyankweli	N/A	N/A	N/A	AP
16	Prof. Rwekaza S. Mkandala	AP-R	P	AP-R	P
17	Dr. Charles A. Mwamwaja	P	P	P	AP
18	Ms.Gaudencia L. Donati	P	P	P	P
19	Lunyamadzo M. Gillah	P	P	P	P

P = Present

AP = Apology

AP-R = Absence with apology-Represented

N/A* = The post/position was vacant

2.7 The University Council has the following Committees

2.7.1 Finance, Planning and Development Committee (FP&DC)

The Finance, Planning and Development Committee monitor the financial performance of the University and its associated legal entities if any. It considers financial policies and issues and makes recommendations to the Council on these matters having regard to the importance of financial sustainability. It also considers and evaluates quarterly financial progress reports, financial statements and budgets of the University and other related financial issues and makes recommendations to the Council thereon. The Committee is chaired by The Deputy Chairperson of the Council and normally meets four times a year.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

Members of FP & DC who served during the year were:

S/No	Name	Position	Nationality	Age	Qualification/Discipline	Period Served in years	Appointees Authority
1.	Prof. E. D. Mwaikambo	Chair	Tanzanian	36	Masters of Medicine, Paediatrics and Child Health	1	Appointee of Chancellor
2.	Prof. G. C. Monela Prof. R. T. Chibunda	Member	Tanzanian	60 51	PhD(Resources Economics) PhD(Environmental Technology)	11 years 2 months	Vice Chancellor (Ex-official)
3.	Prof. P. R. Gillah	Member	Tanzanian	58	PhD(Food Science & Technology)	6	Deputy Vice Chancellor Academic (Ex-official)
4.	Prof. Y. M. Ngaga	Member	Tanzanian	58	PhD(Resources Economics)	3	Deputy Vice Chancellor (Administration & Finance)
5.	Dr. C. A. Mwamwaja	Member	Tanzanian	50	PhD (Finance)	1	University Council
6.	Prof. R. S. Mukandala	Member	Tanzanian	62	PhD (Political Science)	1	University Council
7.	Mr. B. A Malema	Member	Tanzanian	54	Msc. Agricultural Education and Extension)	1	University Council
8.	Ms. G. L. Donati	Member	Tanzanian	55	Msc. Human Nutrition	2	Elective of the Researchers & Alliance Workers union (RAAWU) SUA
9.	Prof. G. Kimbi	Member	Tanzanian	59	PhD(Soil Science)	2	Ex-official Director
10.	Prof. V. R. Muhikambe	Member	Tanzanian	59	PhD (Agric.Animal Science)	5	Ex-official Director of Postgraduate Studies
11.	Prof. S. N. Msolla	Member	Tanzanian	59	PhD(Plant Breeds)	3	Ex-official Principal - Agric.
12.	Prof. A. Sife	Member	Tanzanian	45	PhD (Information)	3	Ex-Official Director SNAL
13.	DR. A. J. Churi	Member	Tanzanian	45	PhD(Computer Science)	2	Ex-Official Director CICT
14.	Prof. J. F. Kessy	Member	Tanzanian	54	PhD(Forest)	2	Ex-Official Principal - Forestry
15.	Prof. Y. C. Muzanila	Member	Tanzanian	59	PhD (Food & Technology)	5	Ex-Official Director-SMC
16.	Prof. A. W. Massawe	Member	Tanzanian	57	PhD (Pest Biology & Ecology)	3	Ex-Official Director - Pest Management
17.	Prof. P.L. Mwang'ingo	Member	Tanzanian	52	PhD (Plant Ecology & Biodiversity)	6	Ex-Official Dean - Faculty of Science
18.	Prof. D. Gabagambi	Member	Tanzanian	51	PhD (Marketing)	2	Dean of School of Agribusiness & Business Studies
19.	Dr. C. W. Werema	Member	Tanzanian	37	MSc. (Molecular Biology)	2	SUASA representative
20.	Mr. Peter Lurent	Member	Tanzanian	31	BSc. Bioprocessing & Postharvest Engineering, (Student)	1	SUASO Representative
21.	Prof. M. J. Kipanyula	Member	Tanzanian	43	PhD (Neurology)	2	Principal VET Medicine
22.	Prof. C. I. Nombo	Member	Tanzanian	48	PhD (Agriculture, Education & Extension)	3	Principal College of Social Sciences
23.	Mr. P. Raphael	Member	Tanzanian	58	CPA(T) MBA	19	Chief Financial Officer
24.	Mr. R. L. Massawe	Member	Tanzanian	58	MA Economics	20	Chief Planning Officer

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

The University Senate

This is one among committees of the University and is responsible for all academic affairs of the University.

The Senate Committee Members who served during the year were:

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served in years	Appointee's Authority
1	Prof. G. C. Monela Prof. R. T. Chibunda	Member	Tanzanian	60 51	PhD(Resources Economics) PhD (Environmental Technology)	11 years 2 months	Vice-Chancellor (Ex- Official)
2	Prof. P.R. Gillah	Member	Tanzanian	59	PhD (Wood Science and Technology)	5	Deputy Vice Chancellor-Academic (Ex-Official)
3	Prof. Y. M. Ngaga	Member	Tanzanian	59	(PhD) Resource Economics)	2	Deputy Vice-Chancellor - Administration & Finance (Ex-Official)
4	Prof. S. S. Temu	Member	Tanzanian	58	PhD (Accounting)	4	Director, Directorate of Higher Education, Ministry of Education & Vocational Training /Appointee of University Council
5	Prof. R. T. Chibunda	Member	Tanzanian	51	PhD (Environmental Technology)	3	Assistant Director, Ministry of Education, Science & Technology (Appointee of University Council)
6	Prof. M. Kipanyula	Member	Tanzanian	43	PhD(Neurology)	1	Ag. Principal, Prospective college of Veterinary and Medical Sciences
7	Prof. P. L. Mwangingo	Member	Tanzanian	52	PhD (Plant Ecology & Biodiversity)	5	Ag. Principal, Solomon Mahlangu College of Social Science & Education
8	Prof. V. R. M. Muhikambele	Member	Tanzanian	60	PhD (Agric. Animal Science)	5	Director, Directorate of Research and Postgraduate Studies
9	Prof. J. Msuya	Member	Tanzanian	58	PhD (Food Science & Technology)	2	Head, Department of Food Technology, Nutrition & Consumer Sciences
10	Prof. K. P. Sibuga	Member	Tanzanian	65	PhD (Crop Production)	5	Coordinator, Quality Assurance & Promotion Bureau
11	Prof. (Mrs.) Catherine P. Msuya- Bengesi	Member	Tanzanian	47	PhD (AEE)	4	Head, Department of Agricultural Extension and Community Development
12	Prof. A. L. Malisa	Member	Tanzanian	50	PhD (Vet. Medicine)	4	Representative of Solomon Mahlangu College of Social Science & Education
13	Prof. T. Msogoya	Member	Tanzanian	52	PhD (Horticulture)	2	Head, Department of Crop Science & Production

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

14	Prof. A. Sife	Member	Tanzanian	45	PhD (Information Sciences)	2	Director, Sokoine National Agriculture Library
15	Prof. E.N. Kimbita	Member	Tanzanian	59	PhD (Vet. Science)	3	Rep. of the Prospective College of Veterinary and Medical Sciences
16	Prof. G. Mbassa	Member	Tanzanian	65	PhD (Vet Medicine)	3	President, SUA Convocation
17	Prof. Apiah Massawe	Member	Tanzanian	57	PhD (Vertebrate-Pest Mgt-Ecoloy)	1	Director, SUA Pest Management Centre
18	Prof. E. Marwa	Member	Tanzanian	60	PhD(Geology)	2	Head, Department of Soil and Geological Sciences
19	Prof. Amin R. E. Kweka	Member	Tanzanian	52	PhD (Forest)	1	Ag. Director, Directorate of Intellectual Property Management and Linkages
20	Prof. G. Kimbi	Member	Tanzanian	59	PhD (Soil Science)	1	Director, institute of Continuing Education
21	Prof. S. N. Msola	Member	Tanzanian	60	PhD(Plant Breeds)	2	Principal, College of Agriculture
22	Dr. Ayubu Churi	Member	Tanzanian	41	PhD (Computer Sciences)	1	Ag. Director, Centre for Information and Communication Technology
23	Prof. D. Gabagambi	Member	Tanzanian	51	PhD(Marketing)	2	Ag. Dean of Prospective School of Agricultural Economics and Business Studies
24	Prof. G. Mwamengele	Member	Tanzanian	62	PhD (Pathology)	6	Ag. Director, Directorate of Undergraduate Studies
25	Prof. John Kessy	Member	Tanzanian	54	PhD (Forest)	1	Ag. Principal, Prospective College of Social Sciences and Humanities
26	Mr. Pule J. Motshabi	Member	Tanzanian	42	MBA (Marketing)	4	Dean of Student
27	Prof. C. Nombo	Member	Tanzanian	48	PhD (Sociology)	5	Ag. Principal Prospective College of Social Sciences and Humanities
28	Dr.J. N. Jeckoniah	Member	Tanzanian	43	PhD(Development Studies)	5	Rep. of prospective College of Social Sciences and Humanities
29	Dr. Chacha Werema	Member	Tanzanian	37	MSc. (Molecular Biology)	2	Chairman, SUASA
30	Dr. N. Madalla	Member	Tanzanian	44	PhD (Aquaculture Nutrition)	2	Head, Department of Animal, Aquaculture & Range Sciences
31	Mr. Ramadhani A. salehe	Member	Tanzanian	32	B.Sc. (Agricultural Eng.)	1	Representative SUASO
32	Mr. Edward Kunyara	Member	Tanzanian	31	BSc (Education in Chemistry & Maths)	1	Representative SUASO
33	Dr. F. J. Mishili	Member	Tanzanian	50	PhD (Economics)	1	Ag. Director, Directorate of Consultancy and Services
34	Ms. Hamida Hamidu	Member	Tanzanian	26	BSc (Food Science & Technology)	1	Representative SUASO
35	Mr. R. L. Massawe	Member	Tanzanian	57	MA (Economics)	20	Chief Planning Officer

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

36	Dr. Damas Philip	Member	Tanzanian	46	PhD(Economics)	1	Ag. Director, Directorate of Planning and Development
37	Dr. Baanda A. Salim	Member	Tanzanian	58	PhD (Information Technology)	1	Head, Department of Engineering Sciences and Technology
38	Dr. Agness Sirima	Member	Tanzanian	35	PhD (Tourisim)	1	Head, Department of Tourism and Recreation
39	Dr. Nsajigwa Mbije	Member	Tanzanian	47	PhD (Marine Biology)	1	Head, Department of Wildlife Management
40	Mr. Andrew Msungu	Member	Tanzanian	37	MSc	1	Head, Department of Information and Records Management
41	Dr. Suzana Augustino	Member	Tanzanian	44	PhD (Forest)	1	Representative of College of Forest, Wildlife and Tourism
42	Mr. Godson Mwampamba	Member	Tanzanian	27	BSc Forest, Student	1	Representative SUASO
43	Ms. Agnes Kwaloe	Member	Tanzanian		MSc, Crop Science (Student)	1	Representative SUASO

2.7.2 Audit Committee

The Audit Committee provides oversight of the financial reporting process, the audit process, the system of internal controls and compliances with laws and regulations. The Committee is chaired by member of the University Council and normally meets four times in a year.

Audit Committee Members serve the period 2016/2017 were:

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served in years	Appointee's Authority
1	Dr. C.A. Mwamwaja	Member	Tanzanian	50	PhD (Finance)	1	University Council
2	Mr. B. A. Malema	Member	Tanzanian	54	MSc. Agricultural Education and Extension	1	University Council
3	Mr. Robert Lugundu	Member	Tanzanian	54	MBA (Corporate Management), CPA (T)	1	University Council
4	Mr. Paul R. Bilabay	Member	Tanzanian	45	MBA (Finance & IT)	1	University Council
5	Mrs. Hannah Mwakalinga	Member	Tanzanian	50	MBA (Corporate Management), CSPC (T)	1	University Council
6	Mrs. L. M. Gillah	Secretary to Committee	Tanzanian	47	Master of Laws (LLM)	7	University Council

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2.7.3 Human Resource Committees (Administrative and Academic Staff)

The Human Resource Committees provide oversight of all human resource matters including employee's benefits and oversee compliances with laws and regulations and evaluate good governance. The Committees are chaired by the Vice Chancellor and normally meet four times in a year.

(i) Members of Human Resource Committees who served during the year for Administrative Staff were:

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served in years	Appointee's Authority
1	Prof. G. C. Monela	Member	Tanzanian	60	PhD(Resources Economics)	11 years	Vice Chancellor (Ex-Official)
	Prof. R. T. Chibunda			51	PhD(Environmental Technology)	2 months	
2	Prof. P.R. Gillah	Member	Tanzanian	58	PhD (Wood Science and Technology)	4	Deputy Vice-Chancellor-Academic (Ex-Official)
3	Prof. Y. M. Ngaga	Member	Tanzanian	58	(PhD) Resource Economics)	1	Deputy Vice-Chancellor - Administration & Finance (Ex-Official)
4	Mr. W. M. Makere	Member	Tanzanian	55	MSc Home Economics & Human Nutrition	5	University Council
5	Ms. G. D. Leo	Member	Tanzanian	56	MSc Home Economics & Human Nutrition	3	Elective of the Researchers, Academicians & Allied Workers Union (RAAWU) -SUA
7	Mr. G. H. Mhagama	Member	Tanzanian	52	MSc (HR Planning & Development)	3	Chief Administrative Officer-Secretary

(ii) Members of Human Resources Committees who served during the year for Academic Staff were:

S/N	Name	Position	Nationality	Age	Qualification/ Discipline	Period Served in years	Appointee's Authority
1	Prof. G. C. Monela	Member	Tanzanian	60	PhD(Resources Economics)	11 years	Vice-Chancellor (Ex-Official)
	Prof. R. T. Chibunda			51	PhD(Environmental Technology)	2 months	
2	Prof. P.R. Gillah	Member	Tanzanian	58	PhD (Wood Science and Technology)	6	Deputy Vice-Chancellor-Academic (Ex-Official)
3	Prof. Y. M. Ngaga	Member	Tanzanian	58	(PhD) Resource Economics)	3	Deputy Vice-Chancellor - Administration & Finance (Ex-Official)
4	Prof. S. S Temu	Member	Tanzanian	58	PhD (Accounting)	4	Director, Directorate of Higher Education, Ministry of Education & Vocational Training/Appointee of chairman of the Vice Chancellor
5	Prof. R. S. Mukandala	Member	Tanzanian	63	PhD (Political Science)	9	Appointee of chairman of the Council
6	Dr. C. W. Warema	Member	Tanzanian	37	MSc. (Molecular Biology)	2	chairman of SUA Academician Staff association (SUASA)
7	Mr. I. Mahuni	Member	Tanzanian	42		1	Appointee of the SUA Vice- Chancellor
8	Mrs. L. M. Gillah	Member	Tanzanian	47	Master of Laws LLM	7	Corporate Council
9	Ms. G. L. Donati	Member	Tanzanian	56	MSc. Human Nutrition	2	Chairperson of the Trade Union(RAAWU)
10	Ms. J. D. Lwiza	Member/ Secretary	Tanzanian	46	MPA (HRM)	7	Senior Administrative officer dealing with academic matters

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2.8 University Council's Statement on Corporate Governance

Sokoine University of Agriculture puts emphasis to highest standards of corporate governance. The organizational structure is flexible and accommodates changes from internal as well as external environment. Moreover, the University periodically reviews its rules and regulations with a view to ensuring the best performance of the academy. The University adheres to the global standards and practices of good corporate governance.

The Councillors continue to strengthen good governance system by reviewing various performance reports and approving policies and guidelines with the aim of enhancing good governance.

2.9 Performance Review for the Year Ended 30 June 2017

(i) Financial Performance

The main source of the University's income is government grants, donor grants, and internally generated funds.

During the financial year 2016/2017, total revenue for the University was TZS 84.98 billion compared to TZS 111.55 billion in the previous year. Total Government subvention received was TZS 47.58 billion compared to TZS 49.55 billion received last financial year. The University did not receive any fund for other charges and house subsidy allowance from the Government as it was in year 2015/2016.

Total operating expenses was TZS 85.4 billion compared to TZS 95.4 billion in the previous financial year. The deficit shown in the financial performance statement of T.Shs 407.1 was mainly caused by depreciation charged during the year and decrease in value of biological assets which do not affect cash flow.

The surplus of the University is not available for distribution. Such surpluses, whenever available are exclusively and wholly used for financing future development of the University.

(ii) Academic Performance

• **Undergraduate Degree Programs**

In the financial year 2016/2017, SUA had 8,296 students compared to 8,279 students in the previous year. During the year 2,489 students graduated from various undergraduate academic programs.

• **Postgraduate Degree Programs**

During the year 2016/2017 a total of 322 (207 males and 115 female) students registered for studies to different postgraduate degree programs in comparison to 168 students registered in year 2015/2016. Out of these 10 (1 males and 9 females) registered for the Postgraduate Diploma in Education, 275 (175 males and 100 females) registered to the various Master degree programs, while a total of 37 students (28 males and 9 females) registered for PhD studies.

During the period under review the University managed to offer 10 PhD degree Programs (in comparison to 10 PhD Programs in year 2016/2017) and 33 Postgraduate Diploma and Master Degree programs in comparison to 32 programs in the previous year. In the year 2016/2017, a total of 197 (113 males and 84

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

females) students graduated in comparison to 324 students who graduated in the previous year. Among them, 10 (2 males and 8 female) were conferred with Postgraduate diploma in education, 147 (83 males and 64 females) conferred with Master Degrees in various fields and 40 (28 males and 12 females) were conferred with Doctor of Philosophy (PhD).

- **Research Associate ship**

SUA invites researchers and other scholars from foreign and local institutions to conduct research in various fields of agriculture, natural resources and allied fields in collaboration with SUA researchers as associate supervisors. During the period, SUA registered a total of 24 research associates (19 males and 5 females) from various institutions across the world compared to 33 registered in the previous year.

- **Research and outreach**

The University has more than 120 research projects funded by various donors and carried out across the Country. Research projects undertaken for the year under review, comprise both basic and applied research. Outreach activities were also carried out in different villages within the Country. Technological inventions were disseminated to stakeholders aiming at improving output in both quantity and quality.

Institutional Capacity Building

- **Infrastructure**

Construction of Local Area Network (LAN) at both Main Campus and Mazimbu Campus was funded by USAID through iAGRI Project. Construction of office block for PhD students at School of Agriculture Economics and Business Studies, Extension of an” ISOArk Chamber “funded by SACIDS- Wellcome Trust and construction the Aquatic Resources Centre at College of Veterinary of Medicine and Biomedical Sciences funded by NORAD.

Also the University is at the final stage in constructing of basic science technology laboratory at Mazimbu Campus through EPINAV programmes which are funded by the Royal Norwegian Government.

Staff development

During the year under review, 118 members of staff were undergoing training as follows:

Training Level	Administrative staff		Academic staff	
	2017	2016	2017	2016
PhD	2	4	73	98
Second Degree	10	7	7	7
First Degree	14	13	-	-
Diploma	11	8	-	-
Certificate	1	4	-	-
Total	38	36	80	105

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

During the year under review, 25 academic staff and 2 administrative staff completed their studies. Also, various staff attended short courses, seminars and workshops in and outside the country.

(iii) Challenges

During the year under review, the University experienced a number of challenges as narrated below:

- Insufficient funds to meet various University activities due to inadequate and unreliable government subvention for other charges and development expenditures and un-timely receipts of student's fees from Higher Education Loan Board.
- Heavily dependency on fund from development partners for carrying out research and implementations outreach activities
- Inadequate teaching and learning infrastructures: laboratories, teaching aids, laboratory equipment and reagents which are the pre-requisite for increasing enrolment of students.

(iv) Current and future plans

The University has a ten year corporate strategic plan covering the period from year 2011 to year 2020. Its plans for development, therefore, are directed towards achieving its core objectives, which are training, research, extension and consultancy.

The University had plans to expand student enrolment from the current 8,012 students to 11,000 students by end of year 2018 with emphasis on improving gender balance. It intends to increase the female students from the existing rate of 33% to 36% by end of year 2018. To enhance internal income generation capacity with the purpose of complementing the Government subvention.

2.10 The University Land's Title Deeds

S/n	Plot No.	Block No.	Title No.	Location
1	13	1	68835	MbweniMpiji Kinondoni Municipality
2	12	1	68470	MbweniMpiji- Kinondoni Municipality
3	111	Zone II	183049/70	Old Dar es Salaam Road - Commercial Area, Morogoro Municipality
4	35	Zone II	183049/36	Kanisa Road - Banda Street, Morogoro Municipality
5	42	-	8377	Kanisa Road - Commercial Area, Morogoro Municipality
6	256	"DD"	54181	Misufini Morogoro Municipality
7	3	-	8103	Forest Hill Seng'ondo Road Morogoro Municipality
8	1B	-	54472	Acropolis Estate Morogoro Municipality
9	590	"BB"	29239	Kiwanja cha Ndege/Morogoro Municipality
10	90	-	7915	Forest Hill Kingaru Road, Morogoro Municipality
11	780	"BB"	30267	Kiwanja Cha Ndege/Mafiga - Morogoro Municipality
12	Farm No. 5	-	36424	SUA Main Campus/Mafiga Farm, Morogoro
13	Farm No. 479	-	9880	Olmotonyi, Arumeru District
14	Farm No.162	-	45172	Morning Site/Towelo/Luhungu Farm, Morogoro District

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

15	35-38 and 46-49	-	-	NBC Flats/Morogoro Municipality
16	131	10	75639	Bunju/Kinondoni-Dar-es-Salaam
17	99	10	75478	Bunju/Kinondoni-Dar-es-Salaam
18	823	A	45233	KihondaMorogoro Municipality
19	Farm No. 479	-	9880	Olmotonyi, Arumeru District
20	-	-	-	Solomon Mahlangu Campus (SMC)/Morogoro Municipality
21	-	-	-	Mgeta Project Center -Morogoro
22	-	-	-	Malolo Project Center -Kilosa, Morogoro
23	-	-	-	Mbinga Project Center -Mbinga, Ruvuma
24	-	-	-	Mazumbai/Sagara-Lushoto -Tanga
25	-	-	-	NaneNane Pavilion -Morogoro Municipality
26	Olmotonyi training forest	-	-	Olmotonyi Arusha
27	Kitulang'alo Natural forest	-	-	Morogoro

At close of business on 30 June 2017, the University had not obtained title deed/right of occupancy certificates for eight properties: Solomoni Mahlangu Campus (SMC)-Mazimbu Morogoro Municipality, Mgeta Project Centre -Morogoro, Malolo Project Centre -Kilosa, Mbinga Project Centre, Mbinga Ruvuma, Mazumbai/Sagara - Lushoto Tanga, and; NanaNane Pavalion -Morogoro Municipality. However, the University's management continues to follow-up to ensure that title deeds and the concession for the same are obtained.

2.11 Ownership

Sokoine University of Agriculture is wholly owned by the Government of the United Republic of Tanzania.

2.12 Solvency Evaluation

The University Council confirms that, in the course of preparing these financial statements, International Public Sector Accounting Standards (IPSAS) have been complied with. The University Council ensures that Sokoine University of Agriculture has adequate funds to meet its objectives which comprise of training, research, outreach and production activities. The University's cash reserve was TZS 15.59 billion at the year-end, out of which donor funds for various research activities was TZS 10.56 billion. The Government of the United Republic of Tanzania will continue to provide grants to the University for Meeting Operational Expenses especially personal emoluments. In view of this assessment, the University Council is of the opinion that the University has a sound financial position and will continue to operate for the unforeseeable future.

2.13 University Council Members' Interests

The University is a public body under the supervision and control of the University Council. During the year 2016/2017, none of the members of the University Council had interest or transactions with the University except those reported under note 23 of these financial statements.

2.14 Related Party Transactions

All related party transactions and balances are disclosed in note 24 of the financial statements.

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

2.15 Employees' Welfare

Management - employees' relationship

The average number of employees during the year was 1,444 (2015: 1,462). The relationship between the employees and SUA Management was cordial. However, there were some complaints due to delays in payment of staff benefits such as leave passages, house allowances to eligible staff, salary arrears, and payment for promotion and increments and retirement benefits due to inadequate funding from government.

2.16 Medical Facilities

The University has established SUA Community Health Fund (SUACHF) which is a defined contribution scheme to meet medical costs for its members. Members of the SUACHF comprise of SUA employees and their families including students. The employees contribute 2% of their basic salaries. Undergraduates and postgraduates students contribute TZS 60,000 and TZS 170,000 each per annum, respectively. Students who are members of NHIF are required to contribute TZS 20,000 per academic year for emergency cases.

2.17 Employees' Financial Support

The University accommodates a Savings and Cooperative Society (SACCOS), which grants loans/credits to its members. Motor vehicle/motor cycle revolving fund is also maintained to cater for eligible employees. The University has also entered into contract as a guarantor with some financial institutions and hire purchase companies where members of staff are granted loans and house appliances on credit. Burial expenses related to employees and their legally recognized family members are financially supported by the University.

2.18 People with Physical Disabilities

The recruitment policy of the University does not discriminate against persons with physical disabilities. There are persons with disabilities among the members of staff as well as among students. Similarly, under the Workman Compensation Act, the University has insured with Astra Insurance for compensation of employees who become disabled while in service.

2.19 Gender Balance

Sokoine University of Agriculture gives equal opportunity to all Tanzanians during recruitment and filling in of management positions provided they have the necessary qualifications, qualities and abilities regardless of their gender. The University also gives equal opportunity to all Tanzanians at the time of admitting students to various programmes. At the end of the year, the University had 1,300 employees out of which 432 were female and 868 male (2016: 440 female, 1,004 male).

2.20 Environment Protection

Sokoine University of Agriculture implements Government's policies and directives on environmental conservation. The University preserves the environment through tree planting; an activity which is being carried out throughout the year including distributing free seedlings to neighbouring communities. Moreover, the University has a Faculty of

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

Forestry and Nature Conservation which deals with preservation, transmission, dissemination and enhancement of knowledge in the field of forestry and environment issues.

2.21 Statement of Internal Control and Risk Management

The Council is ultimately responsible for risk management, determining the system of internal controls operated by the University and for monitoring and effectiveness of the control environment. It is the task of the management to ensure that adequate internal financial and operational control are developed, reviewed and maintained on an ongoing basis in order to provide reasonable assurance with regard to:-

- The effectiveness and efficiency of operations;
- The safeguarding of the University assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of internal control system is dependent on the strict observance of prescribed measures. Always, there is a risk of non-compliance of such measures by staff whilst no system can provide absolute assurance against misstatement or loss, the University control system is designed to manage rather than eliminate the risk of failure to achieve business objectives.

2.22 Statement of Internal Control and Risk Management (Continued)

The management receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanism. A key control is the budget briefing which takes place yearly attended by Principals of Colleges, Deans of Schools, Head of Academic and Administrative Departments to discuss key strategy issues within the University. These meetings are chaired by Vice Chancellor who is the Accounting Officer of the University.

The Audit Committee's role in this area is confined to a high level review of the arrangement for internal control. The University's Internal Auditors monitor the system of internal control, risk management control and governance processes in accordance with an agreed plan, and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and the Internal Auditors undertake prevailing follow up reviews to ensure that such recommendations have been implemented. The Audit Committee considers summarized reports together with recommendations for the improvement of the University systems of internal control and management's responses and implementation plans.

Whilst senior executives attend meeting of the Audit Committee as necessary, they are not members of the committee. The committee meets the internal and external auditors separately for independent discussion.

The Council receives regular reports from the Audit Committee.

The Council is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, and that it has been in place throughout the

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

REPORT OF THE UNIVERSITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)

year ended 30 June, 2015 up to the date of approval of the annual reports and financial statements and is of the opinion that met accepted criteri

2.23 HIV/AIDS Policy

The management of HIV/AIDS is an important challenge for Sokoine University of Agriculture. SUA has determined some risks associated with the impact of HIV/AIDS as operational risk, legal risk and health risk.

SUA has adopted the following core principles as a basis for HIV/AIDS policy:-

- Continuously assess the risk posed by HIV/AIDS on the operations of the University.
- Limit the number of new infections among the employees and students.
- Ensure employees and students living with HIV/AIDS are aware of their rights, respected and protected.
- Provide care and support to employees and students living with HIV/AIDS.
- Provide continuous education on HIV/ AIDS

2.24 Anti-Corruptions

In conducting its activities, SUA maintains transparency and observes the principles of good governance. In this respect, the University has established an Ethics Committee and Code of Ethics dealing with mitigation of unethical issues including corruption.

2.25 Auditors

The Controller and Auditor General is the statutory Auditor of Sokoine University of Agriculture by the virtue of Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Section 10 of the Public Audit Act No.11 of 2008.

BY ORDER OF THE COUNCIL



CHAIRPERSON
Hon..Justice Mohamed Chande Othman



COUNCIL MEMBER

Date: 13/02/2018

Date: 13/02/2018

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2017

The University Council is responsible for the preparation of the annual financial statements that give a true and fair view of Sokoine University of Agriculture (the University), comprising the statement of financial position as at 30 June 2017, and the statements of Financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual amount for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with Accrual-International Public Sector Accounting Standards (IPSASs) and in the manner required by the SUA Charter, 2007.

The University Council is also responsible for such internal control as members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The University Council has made an assessment of the ability of the University to continue as a going concern and have no reason to believe that the University will not be able to operate in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements give a true and fair view in accordance with Accrual-IPSASs requirements.

Approval of annual financial statements

The annual financial statements of Sokoine University of Agriculture, as identified in the first paragraph, were approved by the University Council on 13/02/2018 and signed on its behalf by:


CHAIRPERSON
Hon. Justice Mohamed Chande Othman

Date: 13/02/2018


COUNCIL MEMBER

Date: 13/02/2018

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING FOR THE YEAR ENDED 30 JUNE 2017

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

It is the duty of a Professional Accountant to assist the University Council /Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable Accrual-International Public Sector Accounting Standards (IPSASs) and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the University Council as under University Council Responsibility statement on page 18.

I Peter Raphael being the Head of Finance/Accounting of Sokoine University of Agriculture hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2017 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



.....
Peter Raphael

Position: Chief Financial Officer

NBAA Membership No.: ACPA 1012

Date: 17th February 2018
.....

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

To: Chairman of the University Council,
Sokoine University of Agriculture,
PO Box 3000,
MOROGORO.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF SOKOINE UNIVERSITY OF AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2017

Introduction

I have audited the financial statements of Sokoine University of Agriculture which comprise the statement of financial position as at 30th June, 2017 and the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies set out from page 22 to 59.

Opinion

In my opinion, the financial statements Sokoine University of Agriculture present fairly in all material respects, the financial position of Sokoine University of Agriculture as at 30th June, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Sokoine University of Agriculture in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Information Other than the Financial Statements and Auditor's Report Thereon

The University Council is responsible for the other information. The other information comprises of the Council's Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section I have determined the matters described below to be the key audit matters to be communicated in my report. I have determined that there are no key audit matters to communicate in my report.

Management responsibility for the financial statements

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

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

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

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Responsibility of the Controller and Auditor General

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

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Sokoine University of Agriculture procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.


Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam, Tanzania.

23 February, 2018



SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Revenue	Note	2017 TZS	2016 TZS
Revenue from non-exchange transactions (Government grants)	5	47,576,028,641	49,955,174,021
Revenue from exchange transactions	6	17,074,996,503	17,681,274,017
Donors' research grants	7	19,018,888,923	23,848,334,627
Donors' donation		105,505,500	0
Amortization of deferred asset grant	19	1,394,555,882	1,300,142,957
Foreign currency exchange gain/(loss)		15,607,064	341,651,734
Inventory write back of timber, poles and logs		0	75,731,928
Backlog Depreciation adjustments	8	1,108,017,235	0
Deferred asset written back		0	17,295,963,307
(Loss)/gain arising from changes in fair value of biological assets	13	<u>(1,312,449,848)</u>	<u>1,055,926,915</u>
		<u>84,981,149,900</u>	<u>111,554,199,506</u>
Expenditure			
Government grant expenditure	9	47,323,381,342	50,606,152,267
Internal revenue expenditure	10	15,546,644,000	17,478,232,127
Research grant expenditure-	11	19,018,888,923	23,848,334,627
Audit fees		502,416,000	601,327,000
Inventory write-off of timber, poles and logs		3,266,814	0
Depreciation of fixed assets	13	<u>2,993,661,705</u>	<u>2,852,488,616</u>
		<u>85,388,258,784</u>	<u>95,386,534,637</u>
Surplus/(deficit) before tax		(407,108,884)	16,167,664,869
Income tax expense	12	-	-
Surplus/(deficit) for the year		(407,108,884)	16,167,664,869
Other comprehensive income		-	-
Total comprehensive surplus for the year		(407,108,884)	16,167,664,869

The financial statements on pages 22 to 59 were approved for issue by the University Council and signed on its behalf by:

CHAIRPERSON

Hon. Justice (Rtal) M. Chande Othman

Date: 17/02/2018

COUNCIL MEMBER

Date: 17/02/2018

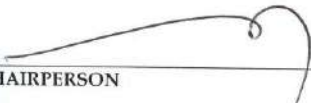
SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 TZS	2016 TZS
Assets			
Non-current assets			
Property, plant and equipment	13	36,304,798,375	35,943,849,768
Biological assets	14	12,462,365,029	13,773,364,877
Intangible assets	15	<u>73,444,362</u>	<u>64,555,112</u>
		<u>48,840,607,766</u>	<u>49,781,769,757</u>
Current assets			
Inventories	16	189,448,815	317,052,038
Accounts receivable	17	9,602,679,888	8,669,898,412
Government grant receivable	18	10,188,672,066	12,375,243,458
Cash and bank balances	19	<u>15,596,857,080</u>	<u>12,972,451,160</u>
		<u>35,577,657,849</u>	<u>34,334,645,068</u>
Total assets		<u>84,418,265,615</u>	<u>84,116,414,825</u>
Equity and liabilities			
Accumulated surplus			
Non-current liabilities		33,185,805,537	33,592,914,421
Deferred asset grant	20	15,668,127,075	15,475,852,271
Tanzania Education Authority loan	20	<u>136,365,895</u>	<u>220,137,104</u>
		<u>15,804,492,970</u>	<u>15,695,989,375</u>
Current Liabilities			
Tanzania Education Authority Loan	21	220,137,104	259,523,565
Deferred income on donor grants	22	16,873,101,100	15,717,640,176
Accounts payable	23	<u>18,334,728,904</u>	<u>18,850,347,288</u>
		<u>35,427,967,108</u>	<u>34,827,511,029</u>
Total Equity and Liabilities		<u>84,418,265,615</u>	<u>84,116,414,825</u>

The financial statements on pages 22 to 59 were approved for issue by the University Council and signed on its behalf by:


 CHAIRPERSON
 Hon. Justice (Rtal) M. Chande Othman

Date: 17/02/2018


 COUNCIL MEMBER

Date: 17/02/2018

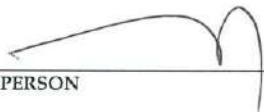
**SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	<u>Accumulated Surplus</u>	
	2017	2016
	TZS.	TZS
Accumulated surplus as at 1 July	33,592,914,421	17,425,249,552
Net surplus for the year	<u>(407,108,884)</u>	<u>16,167,664,869</u>
Accumulated surplus as at 30 June	<u>33,185,805,537</u>	<u>33,592,914,421</u>

The financial statements on pages 22 to 59 were approved for issue by the University Council and signed on its behalf by:



CHAIRPERSON
Hon. Justice Mohamed Chande Othman



COUNCIL MEMBER

Date: 17/02/2018

Date: 17/02/2018

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

Cash flow from operating activities	2016/2017	2015/2016
	TZS	TZS
Receipts:		
Receipts from non-exchange transactions (Government)	6,269,039,942	19,410,039,061
Receipts from non-exchange transactions (Donor)	22,356,431,220	26,324,041,014
Receipts from Exchange transactions (Internal)	17,051,965,619	15,659,861,171
Receipts from non-exchange transactions (third parties)	-	359,970,811
Gain/Loss on Exchange Fluctuation	3,696,752	608,509,407
Other Inflows	<u>181,912,538</u>	<u>95,065,083</u>
	<u>45,863,046,071</u>	<u>62,457,486,547</u>
Payments:		-
Students Fee Refund and Accommodation Receivable (Deposit and Prepayments)	0	1,956,100
Staff receivable	709,146,022	1,419,726,974
Payments to creditors	1,725,586,132	1,360,300,253
Financial Expenses(bank charges)	2,700,060,456	2,854,560,291
Wages, Salaries and Employee Benefit	156,650,987	306,182,569
Travel and Travel expenses	7,634,795,144	18,448,263,999
Repair and Maintenance Expenses	2,775,639,461	3,059,086,826
SUA Graduate Entrepreneurship	615,202,943	1,703,415,447
Office Supplies and Consumables	0	43,373,222
University Meeting Expenses	926,477,895	726,065,620
Insurance and Licence Expenses	1,410,117,596	1,482,893,028
Utility Expenses	170,884,492	128,988,276
Students Welfare Expenses	1,346,659,567	1,337,662,376
Students training and Research Expenses	434,110,318	571,692,400
University Examination Expenses	2,413,294,016	2,552,443,312
Staff Training and Development	769,415,642	556,756,342
Sport Gear Expenses	697,641,180	670,948,373
Marketing and Promotion	50,727,500	90,716,000
Vehicles and Motor Cycles Running Expenses	134,571,853	163,755,101
Postage &Telecommunication Expenses	639,715,493	992,847,036
Sanitation & Environment Expenses	422,730,022	422,495,022
Health Care services	305,535,674	444,186,503
Graduation Expenses	299,917,382	511,598,567
Workshop and Seminar Expenses	100,261,448	139,404,664
Headship and leadership Triennium	1,081,900,014	1,982,393,884
Payment to collaborative Institute	235,973,488	155,474,000
Legal Expenses	826,157,326	3,830,996,492
Rental and Hiring Expenses	2,280,000	15,656,000
	44,914,256	102,630,296

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Statement of Cash Flows (Continued)

Cash flow from operating activities	2016/2017 TZS	2015/2016 TZS
Institution Fees	623,502,730	1,922,512,883
Security & Safety Expenses	395,315,651	341,056,758
Laboratory Chemicals & Other consumables	331,925,065	442,668,983
Subscription, Gifts and Donations	261,794,611	75,985,983
Human Resources Expenses	393,261,397	547,244,900
Animal Feed and Treatment Expenses	140,312,564	174,807,560
Social Welfare Expenses	167,000,820	221,375,969
Audit & Verification Expenses	782,004,631	888,740,975
Extra duty support Expenses	95,069,275	243,320,525
Generator fuel Expenses	4,222,576	8,101,800
Purchase of small Tools	234,628,147	326,209,128
Computer and Computerization Expenses	613,263,755	15,001,300
Entertainment Expenses	30,227,260	33,191,010
Printing & Publication Expenses	36,848,406	193,696,222
Research, Teaching and Outreach Expenses	7,892,017,958	6,967,606,875
Payment of Statutory Salaries deductions and others	42,572,815	41,107,853
Office Tea, Bites and Soft drinks	70,839,543	73,640,322
Other Operational costs	<u>1,001,541,846</u>	<u>1,130,360,735</u>
Net cash flow from operating activities	<u>4,116,330,714</u>	<u>2,734,387,793</u>
Cash flow from investing activities		
Acquisition of Property, Plant and Equipment (PPE)	(410,674,713)	(1,746,760,618)
Addition to Capital Work in Progress	<u>(958,092,411)</u>	<u>(2,101,860,503)</u>
Net cash flow from investing activities	<u>(1,368,767,124)</u>	<u>(3,848,621,121)</u>
Cash flow from financing activities		
Repayment of TEA loan	<u>(123,157,670)</u>	<u>(260,000,000)</u>
Net cash flow from financing activities	<u>(123,157,670)</u>	<u>(260,000,000)</u>
Net increase/decrease in cash	2,624,405,920	(1,374,233,328)
Cash at the Beginning of the Period*	<u>12,972,451,160</u>	<u>14,346,684,488</u>
Cash at the End of the Period	<u>15,596,857,080</u>	<u>12,972,451,160</u>

The financial statements on pages 22 to 59 were approved for issue by the University Council and signed on i behalf by:

CHAIRPERSON

Hon. Justice Mohamed Chande Othman

Date: 17/02/2018

COUNCIL MEMBER

Date: 17/02/2018

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2017

Description	<u>Budget Amounts</u>		Actual Amounts on Comparable Basis	Variance: Final Budget and Actual	Performance Percentage	
	Original	Final				
Revenue Appendix	TZS.	TZS.	TZS.	TZS.	%	
Revenue from non-Exchange Transactions (Government)	1	58,120,543,027	58,120,543,027	47,576,028,641	10,544,514,386	82%
Revenue from non-exchange transactions (Donor)	2	29,612,996,506	29,612,996,506	19,018,888,923	10,594,107,583	64%
Revenue from exchange transaction (Internal revenue)	3	<u>15,675,692,139</u>	<u>15,675,692,139</u>	<u>17,074,996,503</u>	<u>(1,399,304,364)</u>	<u>109%</u>
Total Revenue		<u>103,409,231,672</u>	<u>103,409,231,672</u>	<u>83,669,914,067</u>	<u>19,739,317,605</u>	<u>81%</u>
Expenses						
Non exchange transaction Expenditure (Government)	4	58,675,543,027	58,675,543,027	47,323,381,342	11,352,161,685	81%
Non Exchange Transaction Expenditure (Donor)	5	29,612,996,506	29,612,996,506	19,018,888,923	10,594,107,583	64%
Exchange Transaction Expenditure (Internal revenue)	6	<u>15,676,692,139</u>	<u>15,676,692,139</u>	<u>15,546,644,000</u>	<u>130,048,139</u>	<u>99%</u>
Total Expenditure		<u>103,965,231,672</u>	<u>103,965,231,672</u>	<u>81,888,914,265</u>	<u>22,076,317,407</u>	<u>79%</u>

Comments on the Budget

The amounts in the financial statements were recast from the International Public Sector Accounting standards (IPSA'S) accrual basis to the cash basis, to be on the same basis as the final approved budget. The approved budget covers the period from July 1st, 2016 to June 30th, 2017.

Sokoine University of Agriculture has three major sources of revenue, hence its budgets is prepared in three sub set of sources. The reasons for the variances are explained based on sources as below:-

- (a) The variances noted in government income against budget is a net off of the unremitted budgeted amount for Development fund and fund budgeted for staff recruitment and; terminated and retired staff.
- (b) The budget of Donor funded projects, depended on the projects implementation periods and are predetermined during the proposal writing. The releases of funds by the Donors are done annually, semi-annually, or quarterly depending on the agreement requirements. Usually at the year end, given a number of reasons, including delay in receiving of funds, which for some projects are channeled through the Government, weather conditions by some activities and others waiting for up-scaling approval. Some activities remain unimplemented at year end. Therefore, the carried over amount from the previous year was caused by the aforesaid reasons hence the noted variance.
- (c) The noted variance in internal revenue of underutilization was caused by year end accrued charges that were paid subsequently.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

Sokoine University of Agriculture (SUA) was established out of the former Faculty of Agriculture, Forestry and Veterinary Science of the University of Dar es Salaam on 1 July 1984 by Act No 6 of Parliament. This Act was later repealed by the Universities Act of 2005, which resulted into granting a SUA Charter of 2007.

Currently SUA has four campuses: The Main Campus and Solomon Mahlangu Campus (SMC) which are located within Morogoro Municipality, the Olmotonyi Campus in Arusha and the Mazumbai Campus in Lushoto, Tanga region.

The address of the University is: Sokoine University of Agriculture, PO Box 3000 Morogoro. Tel: + 255 23 2603511-4; Telefax: + 255 23 2604651; E-mail: vc@suanet.ac.tz; and Website: www.suanet.ac.tz.

2 Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs - Accrual) and its interpretations as developed by International Public Sector Accounting Standards Board (IPSASB). One of the four independent standard setting Board supported by International Federation of Accountants.(IFAC).

b) Basis of measurements

The financial statements have been prepared on the historical cost basis except for biological assets; and financial instruments measured at fair value whose changes have been measured through the Statement of Financial Performance.

c) Functional and presentation currency

SUA has multiple functional currencies including Great Britain Sterling Pound, Euro, US Dollar, and Tanzanian Shilling as a result of having several donors with different sets of Agreements. However, these financial statements are presented in Tanzanian shillings (TZS) which is the University's functional currency.

d) Use of estimates and judgements

The preparation of financial statements is in conformity with 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.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

2 Significant Accounting Policies (Continued)

e) Date of First Adoption of IPSAS-Accrual Basis.

The date of adoption of IPSASs-Accrual Basis is the date that an entity adopts IPSASs-Accrual basis for the first time. It is the start of the reporting period in which the first time adopter adopts IPSASs-accrual basis and for which it presents its first transitional IPSAS - Accrual - financial statements.

e) Date of First Adoption of IPSAS-Accrual Basis. (Continued)

The date of first adoption of Accrual Basis IPSASs for Sokoine University of Agriculture is 1st July, 2014; the beginning of the earliest period for which the Sokoine University of Agriculture presents its first transitional IPSAS financial statements or its first IPSAS financial statements.

f) IPSAS 33 - FIRST-TIME Adoption of Accrual Basis International Public Sector Accounting standards (IPSAS-Accrual).

A first-time adopter applies this standard if its first IPSAS-Accrual Financial statements are for a period beginning on or after January 1, 2017 although earlier adoption is permitted. This standard is applied from the date on which a first time adopter adopts accrual basis IPSASs and during the period from the date on which a first time adopter adopts accrual basis IPSASs and during the period of transition. This standard permits a first-time adopter to apply transitional exemptions and provisions that may impact fair presentation. Sokoine University of Agriculture has prepared its first annual financial statements under Accrual Basis IPSAS in which the Management can make an explicit and unreserved statement in those financial statements of compliance with IPSASs whereby, these financial statements following the adoption of accrual basis IPSASs will also be the first IPSAS financial statements under full compliance with Accrual Basis IPSASs and has made earlier application of IPASS 33 without any transitional exemption and provisions

g) International Public Sector Accounting Standards (IPSAS) not yet Mandatory

Effective for annual period beginning on or after	New Standard
January 1, 2017	<p>IPSAS 34 separate Financial Statement Separate financial statements are those presented by an entity, in which the entity could elect, subject to the requirements in this Standard, to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with IPSAS 29, Financial Instruments: Recognition and Measurement or using the equity method as prescribed in IPSAS 36, Investments in Associates and Joint Ventures</p>
January 1, 2017	<p>Consolidated Financial Statement - IPSAS 35 Consolidated financial statements are the financial statements of an economic entity in which the assets, liabilities, net assets/equity, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.</p>
January 1, 2017	<p>Joint Arrangements - IPSAS 37 A joint arrangement is an arrangement of which two or more parties have joint control.</p>
January 1, 2017	<p>Disclosure of interest in other entities - IPSAS 38 Disclosure of An interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity.</p>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

2 Significant Accounting Policies (Continued)

2.2 Revenue Recognition

Sokoine University of Agriculture revenue is from Exchange Transactions (IPSAS 9) and Revenue from Non Exchange Transaction (IPSAS 23).

2.2.1 Revenue from Exchange Transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services rendered in the ordinary course of the University activities. Revenue is shown net of rebates and discounts.

The University recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The University revenue from Exchange Transactions which are recognised in accordance with Accrued IPSASs comprisesof:

a) Tuition fees

Comprise of fee charged to non-degree programme, Undergraduate and postgraduate students undertaking various courses run by the University. Tuition fee is recognized in the accounting period in which the academic year relates.

b) Accommodation fees

Accommodation is synonymous to rental fee charged specifically to students undertaking various courses run by the University who stays in University available accommodation facilities during the period of study.

c) Institutional Fees

The University carries a number of researches funded by different donors whereby the University charges 10% institutional fees based on the amount received or spent in accordance to the signed agreement. To exercise flexibility where there is a difference between the standard rate and the agreed rate, the later supersede. In some cases, projects which are fully coordinated centrally, institutional fees for those projects are used to meet coordination expenses.

d) Hospital Revenue

The University has a hospital at Solomon Mahlangu Campus and a Health Centre at Main Campus serving students, employees and the neighbouring community. The facility charges consultation; patients' admission; and medical fees; and also realizes revenue from sales of drugs and laboratory tests.

NOTES

2 Significant Accounting Policies (Continued)

e) Rental Revenue

Rental Revenue is an income from properties other than investment property rented to staff for residential purposes and other members of the community for business during a period of time.

f) Sales of Forestry Products

The University has forest plantation at Olmotonyi Arusha Campus where forestry products are harvested; some semi processed and sold to the neighbouring community.

g) Farm Products

The University has different types of biological assets producing variety of products which are sold to the community.

h) Interest Revenue

The University recognises interest earned on a time proportional basis taking into account the effective yield on the respective assets net off the withholding tax. Interest earned for the University is mainly for the amount fixed in the banks in the form of Fixed Deposits.

i) Consultancy Revenue

The University has a Consultancy Bureau as an apex, linking consultancy units faculty-wise. The faculty wise consultancy units and individuals engaged in consultancy work contribute to the University according to the requirements of the consultancy policy.

2.2.2 Revenue from Non Exchange Transaction

Revenue from Non Exchange Transaction occur when the University receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Sokoine University of Agriculture receives revenue mainly from transfer; transfers are inflows of future economic benefit or services potential from Non Exchange Transactions other than taxes. Transfers, cash or non-cash include grants from Tanzania Government, Development Partners, Debts forgiveness, fines, bequests, gifts, donations, goods and services, and the off market portion of concessionary loans received. Revenue from Non Exchange Transactions is measured at the amount of the increase in net assets recognized by the entity. For Grants from Development Partners, normally there are conditions attached to the said grants that would give rise to a liability to repay the unspent amount, differed income is recognized instead of revenue.

Revenue from Non Exchange Transaction comprises of the following;

a) Subvention from the Government

Subvention, grants and assistance received from the Government are recognised as revenue when received by the University and treated as Revenue from Non Exchange Transaction.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

2 Significant Accounting Policies (Continued)

b) Revenue/income from Donors

An inflow of resources from Development Partners are recognised as assets as well as liability when received while revenue and expenditure from the same are recognised to the extent of the amount spent out of that asset in accordance with the conditions attached to the agreement.

c) Donation and contributions

Donation and contributions in kind and in cash are recognised as asset as well as revenue in the year received.

2.3 Property, plant and equipment

All categories of property, plant and equipment are initially recorded at historical cost. Subsequently, the assets are stated at historical cost, less accumulated depreciation and accumulated impairment in value. Historical costs include expenditure that is directly attributable to the acquisition or construction of the Property, Plant and Equipment. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss during the financial year in which they occurred.

Motor vehicles and motorcycles available for sale requested by SUA-Staff are transferred from SUA-Main account to SUA-Car Loan Fund for disposal. Gains or losses on disposal other than motor vehicles available for sale requested by SUA-staff are determined by comparing the disposal proceeds with the carrying amount and they are charged to profit or loss.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:-

<i>Asset category</i>	<i>Rate p.a.</i>
Buildings	4.0%
Independent Water Source	4.0%
Farm Machinery	20.0%
Furniture & Equipment	15.0%
Computers	33.3%
Motor Vehicles	20.0%

Depreciation is charged on assets from the date when they are ready for use and no depreciation is charged in the year an asset is classified as non-current assets held for sale.

NOTES

2 Significant Accounting Policies (Continued)

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.

Carrying Amount

Property, plant and equipment are reviewed whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Disposal

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the statement of financial performance.

Capital work in progress

Work-in-progress consists of the cost of assets, labour and other costs associated with property, plant and equipment being constructed by the University. Once the asset becomes operational, the related costs are transferred from work-in-progress to the appropriate asset category and start to be depreciated.

2.4 Investment Property

Investment Property refers property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

- (a) Use in the production or supply of goods or services or for administrative purposes; or
- (b) Sale in the ordinary course of operations.

2.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

2.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Initial Recognition

An intangible asset is measured at cost if and only if:

- i. It is probable that the expected future economic benefit or service potential that are attributable to the asset will flow to the University; and
- ii. The cost or fair value of the asset can be measured reliably.

Subsequent Recognition

The accounting policy is to recognise subsequently an intangible asset at fair value in accordance with IPSAS 31.

Computer software

The University has a number of computer software and the costs associated with developing or maintaining computer software programs are recognized as expenses as and when incurred. Costs that are directly associated with identifiable and unique software products are recognized as intangible assets. Expenditure that enhances the performance of

NOTES

2 Significant Accounting Policies (Continued)

Computer software programs beyond their original specifications is recognized as capital improvement and added to the original cost of the software. Computer accounting software is regarded as having indefinite useful life; therefore, it is not amortized but tested for impairment annually.

2.7 Non - current assets held for sale

Non-current assets held for sale represent assets that the University Council has approved for disposal and they are expected to be disposed of not more than twelve months after reporting date. No depreciation is charged on such assets.

2.8 Biological assets

Biological assets comprise forestry, fruit trees, seedlings and vegetables and livestock.

Livestock is measured at fair value less estimated cost to sale, based on market prices at auction of animals of similar age, breed and genetic merit with adjustments, where deemed necessary, to reflect the differences.

The fair value of livestock younger than ten weeks cannot be reliably estimated due to the high mortality rates and are carried at cost less impairment. These assets are not depreciable.

Fruit trees (plantation crops) and forestry assets (growing timber) are measured at fair value less costs to sale based on the present value of estimated pre-tax net cash flows. Costs to sale include the incremental selling costs, including harvesting, saw milling and handling costs.

Seedlings and vegetables are measured at cost.

Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less estimated point-of-sale costs are recognised in the statement of financial performance in the year in which they arise. All costs of breeding, planting, upkeep and maintenance of biological assets are recognised in statement of financial performance in the period in which they are incurred. The cost of purchase of livestock plus associated transportation charges are capitalised as part of biological assets.

2.9 Inventories Valuation

Inventories are valued at lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction, their cost shall be at the lower of cost and current replacement cost where they are held for:

- i. Distribution at no charge for a nominal charge; or
- ii. Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method less provision for impairment.

NOTES

2 Significant Accounting Policies (Continued)

Agricultural produce

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the statement of financial performance in the year in which they arise.

Timber Produce

The fair value less estimated point-of-sale costs of harvested timber is determined based on the market prices of the final product, taking into account conversion costs.

Finished Goods

The cost of finished goods comprises the fair value less estimated point-of-sale costs of agricultural produce at the point of harvest, the cost of raw materials and direct labour, and other direct costs and related production overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

This method of valuation is consistent with that of previous years.

2.10 Deposits, Prepayments and Accounts Receivable

Deposits, Prepayments and Accounts Receivable are recognized initially at fair value and subsequently measured at amortised cost less provision for impairment.

If collection of the receivable or the utilisation of prepayments is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Provision for Receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of financial performance.

2.11 Cash and Cash Equivalents

For the purpose of cash flow, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. For the purpose of cash flow statement, cash and cash equivalents include restricted funds.

Short-term Investments

Short-term investments represent valuables or cash that have been deposited in fixed deposit account during the year and still held in those accounts as at 30th June, 2015.

2.12 Foreign Currency Transactions

Initial Recognition A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

NOTES

2 Significant Accounting Policies (Continued)

Reporting at Subsequent Reporting Date

At each reporting date:

- a) Foreign currency monetary items shall be translated using the closing rate;
- b) Non monetary items that are measured in terms of historical cost in foreign currency shall be translated using the exchange rate at the date of the transaction; and
- c) Non-monetary items that are measured at fair value in foreign currency are translated using exchange rates at the date when the fair value was determined.

Recognition of Exchange Differences

Exchange differences arising from:

- a) The settlement of monetary items, or
- b) Translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, are recognised in surplus or deficit in the period in which they arise.

When gain or loss on a non monetary item is recognised directly in net assets/equity, any exchange component of that gain or loss is recognised in surplus or deficit, any exchange component of that gain or loss is recognised as surplus or deficit.

Functional and presentation currency

The financial statements are presented in Tanzania Shillings, which is the University's functional and presentation currency.

Foreign currency translations

Transactions in foreign currency are translated into Tanzanian shillings at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the yearend expressed in foreign currencies are translated into Tanzanian shillings at the rates of exchange ruling at the end of the financial year. The resultant gains/losses on exchange rate translations are dealt with in the statement of financial performance.

2.13 Provisions

Provisions are recognized when the University has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

When the University expects a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

2.14 Grant recognition

Grants from the government and donors are recognised at their fair value where there is reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Grant from Government

Cash received from the government is recognised as revenue from non exchange transaction in accordance to Accrual IPSAS 23.

NOTES

2 Significant Accounting Policies (Continued)

Grants from Donors

Grants from donors include:

i. Cash received

Recognition of cash received from donors depends on conditions attached to the agreement entered between the University and donors and or between the Government of the United Republic of Tanzania and the Government of the Donor.

Depending on the condition attached to the agreement, SUA recognizes cash received from Donor as asset and liability under deferred income. The spending during the year is recognised as revenue from non exchange transactions as well as expenditure.

ii. Property, Plant and Equipment

Donor grants relating to property, plant and equipment are included in non-current liabilities as deferred donor grants and are credited to the income statement on a straight line basis over the expected useful lives of the related assets.

2.15 Payables and Accrued Charges

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

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

2.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits include short term employee benefit, post-employment benefits, termination benefits and other long term employee benefits.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

2 Significant Accounting Policies (Continued)

Short-term employee benefit

Short-term employee benefits include terms such as:

- a) Wages, salaries, and social security contributions;
- b) Short-term compensated absences (such as paid annual leave and paid sick leave where the compensation for the absences is due to be settled within twelve months after the end of the period in which the employees render the related employee service; and
- c) Non-monetary benefits (such as medical care, housing, cars, and free or subsidized goods or services) for current employees.

Accounting for short-term employee benefits is generally straight forward, because no actuarial assumptions are required to measure the obligation or the cost, and there is no possibility of any actuarial gain or loss. Moreover, short-term employee benefit obligations are measured on undiscounted basis.

Therefore, the cost of all short term employee benefits such as salaries, employees leave pay and house allowance are recognized in the Statement of Financial Performance during the period in which the employees render services.

Defined contribution Plans

Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period.

University staffs are covered under defined contribution plans in which every staff contributes a percentage as prescribed by the Fund. The University contributes to defined contribution retirement benefit schemes for all its employees based on the following rates of contributions for each fund:

Scheme	Percentage Contributions		
	Employee	Employer	Total
PPF pension fund	5	15	20
Public Service Pension Fund (PSPF)	5	15	20
National Social Security Fund (NSSF)	10	10	20

The University's contributions to the defined contribution schemes are recognised as an employee benefit expense in the statement of financial performance when they fall due. The University has no further payment obligations once the contributions have been paid.

Effective from July, 2011, employer's contributions have been remitted to the funds by the Treasury in accordance with Circular No. C/BA54/328/01/15. However, short term employees who are employed by the University and their salaries are paid by the Research Projects or the University, their 10% employer contribution are paid by respective projects or the University to the National Social Security Fund (NSSF). For employees especially retired academic members of staff who are on contractual basis granted by the Government are paid their gratuity (25% of their salaries) by the Government through GEPF upon expiry of the contract.

NOTES

2 Significant Accounting Policies (Continued)

2.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3 Critical accounting estimates and judgments

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other variable factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Biological assets

In measuring fair value of biological assets, management estimates and judgments are required for the determination of fair value. These estimates and judgments relate to the market prices, average weight, age and quality of animals, fruit trees and forestry.

University tests annually whether biological assets have suffered any impairment, in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amounts of the biological assets and key assumptions made in estimating these amounts are set out in Note 15.

4 Financial Risk Management

The University's principal financial instruments comprise of loans, fixed deposits, trade payables and trade receivables. The University has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The main risks arising from the University's financial instruments are market risk, liquidity risk and credit risk which are summarized below:

(a) Market risk

Foreign currency exchange risk

The University has current assets (bank balances) and liabilities which are denominated in US Dollars (USD), Great Britain Pounds (GBP) and Euro. These are subject to exchange rate fluctuations. However, this exposure does not result in a significant risk as foreign currency assets and liabilities are normally settled within a fairly short time.

At 30 June 2017, if the functional currency had strengthened/weakened by 5% against the USD, GBP and EURO with all other variables held constant, effect on surplus or deficit mainly due to translation of bank balances would have been lower/higher as follows:

	2017	2016
	TZS	TZS
United States Dollars (USD)	8,499,668,043	4,368,438,052
Great Britain Pound (GBP)	100,822,044	1,326,045,828
Euro	1,087,971,032	1,575,658,821

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

4 Financial risk management (continued)

(b) Cash flow and fair value interest rate risk

The University's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the University to cash flow interest rate risk which is partially offset by cash held at variable rates. When borrowings are at a fixed rate, the University is exposed to fair value interest rate risk. The University's long term borrowing is at a fixed interest rate, however, the fair value interest rate risk is considered negligible to have any impact on the statement of financial performance.

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funds for the University's activities may not be available and thus the University may not be able to fulfil its existing and future cash flow obligations.

The University's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the University's reputation.

The table below analyses the University's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year TZS	Between 1 and 2 years TZS	Between 2 and 5 years TZS	Total TZS
At 30 June 2017				
Tanzania Education Authority loan	136,365,895	220,137,104		356,502,999
Accounts payable	17,334,728,904			17,334,728,904
	17,471,094,799	220,137,104		17,691,231,903
At 30 June 2016				
Tanzania Education Authority loan	259,523,565	220,137,104	-	479,660,669
Accounts payable	18,850,347,288		-	18,850,347,288
	19,109,870,853	220,137,104	-	19,330,007,957

(d) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the University. Potential concentration of credit risk consists principally of bank balances and trade receivables. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract, the extent to which the arrangement exposes the University to credit risk is considered.

Trade receivables are presented net of allowance for doubtful debts. Accordingly, the University has no significant concentration of credit risk which has not been insured or adequately provided for with respect to the trade and other receivables that are neither impaired nor past due. There are no indications as of the reporting date that the debtors will not meet their payment obligations.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

4 Financial risk management (continued)

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to the University's direct customers (students), including outstanding receivables and committed transactions. For the University, only reputable banks are used as custodians of the University's deposits. The selection of students is mainly based on their academic performance and most students are selected by the Tanzania Commission for Universities (TCU).

The amount that best represents the University's maximum exposure to credit risk is the carrying value of its financial assets in the statement of financial position. These are as shown in the table below:

Financial assets	2017	2016
	TZS	TZS
Accounts receivables (excluding prepayments)	9,230,548,974	8,297,087,359
Cash at bank and bank deposits	<u>15,596,857,080</u>	<u>12,972,451,160</u>
	<u>24,827,406,054</u>	<u>21,269,538,519</u>

No collateral is held for any of the above assets. Furthermore, the University does not grade the credit quality of receivables.

None of the above assets are past due or impaired except for the student fees receivables which are past due but not impaired. Student fees receivables are due at the start of the academic year in which they are invoiced. As such all the student fees receivables are considered to be past due. The aging of the student fees receivable is as shown in the table below:

	2017	2016
	TZS	TZS
Past due but not impaired:		
By up to 1 year	2,394,722,999	3,584,982,804
By 1 year to 2 years	1,422,052,894	384,145,453
Over two years	<u>970,107,968</u>	<u>295,896,101</u>
Total past due but not impaired	<u>4,786,883,861</u>	<u>4,265,024,358</u>

	2017	2016
	TZS	TZS
Impaired Receivable	<u>158,028,492</u>	<u>364,371,720</u>

The above amounts have been fully provided for and net carrying amount is therefore zero.

4 Financial risk management (Continued)

(e) Capital risk management

The University's objectives when managing capital are to safeguard the University's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

	2017	2016
	TZS	TZS
Tanzania Education Authority loan (Note 20)	356,502,999	479,660,669
Less: Unrestricted cash and cash equivalents (Note 18)	<u>(2,472,245,027)</u>	<u>(2,479,693,438)</u>
Net cash in excess of borrowings	(2,115,742,028)	(2,000,032,769)
Total reserves available	<u>33,185,805,537</u>	<u>33,592,914,420</u>
Gearing ratio	6%	6%

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

(f) Financial instruments by category

Financial instruments can be categorised as shown in the table below:

	<u>2017</u>	<u>2016</u>
	TZS	TZS
Financial assets at amortised cost		
Accounts receivables (excluding prepayments)	9,230,548,974	8,297,087,359
Cash and bank balances	<u>15,596,857,080</u>	<u>12,972,451,160</u>
	<u>24,827,406,054</u>	<u>21,269,538,519</u>
Financial liabilities at amortised cost		
Tanzania Education Authority loan	356,502,999	479,660,669
Accounts payables (excluding statutory liabilities)	<u>17,736,969,666</u>	<u>16,477,951,992</u>
	<u>18,093,472,665</u>	<u>16,957,612,661</u>

5 Government Grants

The University recognized TZS 47,576,028,641 (2016: 49,955,174,021) as income, equivalent to the recurrent and development expenditure incurred during the year under review as shown below:

	<u>2016/2017</u>	<u>2015/2016</u>
	TZS	TZS
Government Subvention Received	47,576,028,641	48,803,174,021
Add: Accrued House Allowance	0	1,152,000,000
Employer's Pension Contribution		-
Salary Arrears		-
Total	<u>47,576,028,641</u>	<u>49,955,174,021</u>

6 Revenue from Exchange Transactions

	<u>2016/2017</u>	<u>2015/2016</u>
	TZS	TZS
Farm products	255,386,998	301,068,728
Sale of wood products	406,945,750	374,083,050
Tuition fees	12,392,105,549	11,471,801,667
Institutional fees	953,119,024	1,390,282,832
Accommodation fees	753,437,793	668,071,940
Application and extension fees	86,265,600	128,570,471
Rental Income	459,658,280	722,098,648
Laboratory services	12,553,058	36,453,870
Water and electricity bills recoveries	113,438,627	54,784,515
Tender documents	5,526,400	6,900,000
Sale of food and beverage	31,685,800	57,631,000
Hospital income	852,558,074	2,075,124,792
Consultancy Income	89,033,000	0
Vehicle Income	41,668,381	0
Miscellaneous income	<u>621,614,169</u>	<u>394,402,504</u>
Total	<u>17,074,996,503</u>	<u>17,681,274,017</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

7 Donors' Research Grants

The University recognized TZS 19,018,888,923 (2016: TZS 23,848,334,627) as income, equivalent to the expenditure incurred for the research projects carried out by the University during the year under review. In this regard, TZS 19,018,888,923 (2016: 23,848,334,627) was incurred for recurrent expenditure, while TZS 1,381,229,875 (2016: TZS 3,661,397,513) was used to procure assets.

8 Backlog Depreciation

As stated in Note No. 2.3 to this financial statements, depreciation is calculated using straight-line method to allocate cost of fixed assets to their residual values which is 10 percent of cost of their respective assets over their estimated useful lives.

Backlog depreciation amounting to Tzs. 1,108,017,735 represents the accumulated depreciation arrived due to changes in method of depreciation computation from previous years to that of the current year.

The current year depreciation was based on the cost of the asset less 10percent residual value, while in the previous years; the computation was based on cost.

9 Government Grant Expenditure	2016/2017	2015/2016
	TZS	TZS
Personnel emoluments	47,320,095,410	46,918,216,265
Travel and subsistence allowances	-	209,304,500
Leave travel	-	972,863,671
Hotel and catering	-	320,000
Maintenance of office furniture and equipment	-	2,376,000
Water and electricity charges	-	103,673,333
Maintenance of buildings, roads and sewage system	-	8,767,960
Postage and telecommunication	-	63,880,892
Security expenses	-	52,201,200
Sanitation expenses	-	405,000
Fuel and lubricants	-	3,311,550
Exhibition Expenses	-	2,050,000
Rent, Rates and Taxes	2,106,600	2,208,364
Water Treatment Expenses	-	26,483,000
One way travel assistance	-	350,762,152
Field practical	-	28,511,600
Burial Expense	-	6,100,000
Audit and verification Expenses	-	7,185,000
Cashier's escort expenses	-	4,055,090
Clinical Allowance	-	574,680,000
Meeting Expenses	-	5,525,000
Examination Expenses	-	12,362,100
Environment Conservation Expense	-	42,665,000
Housing Subsidy Allowance	-	1,166,622,789
Bank Charges and Commission	<u>1,179,332</u>	<u>41,621,801</u>
Total	<u>47,323,381,342</u>	<u>50,606,152,267</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

10 Internal Revenue Expenditure	2016/2017	2015/2016
	TZS	TZS
General expenses	594,369,366	807,664,048
Personnel emoluments	1,065,615,348	818,418,399
Travel and subsistence allowances	636,505,107	637,886,186
Foreign travel	55,816,756	70,031,768
Consultancy expenses	34,448,232	4,134,038
Leave travelling expenses	148,365,550	118,323,000
Maintenance of motor vehicles and machinery	192,487,473	210,256,372
Office expenses and stationery	661,341,203	542,738,331
Fuel and lubricants	291,098,326	324,540,469
Printing and publishing	48,145,000	190,383,500
Maintenance of office furniture and equipment	107,322,854	187,237,700
Legal expenses	2,280,000	15,756,000
Convocation expenses	9,720,000	5,240,000
Uniforms	3,942,000	5,172,000
Tender board expenses	19,852,857	68,124,960
Entertainment expenses	31,147,260	36,453,554
TEA loan interest expenses	0	39,386,461
Water and electricity charges	1,517,523,515	1,338,234,561
Training costs	64,652,846	195,131,993
Newspapers and magazines	20,981,600	31,397,900
University budget expenses	111,951,000	116,531,000
Medical expenses	413,005,737	555,372,716
Maintenance of buildings, roads and sewage system	393,505,984	1,149,810,191
Animal feeds and drugs	111,356,601	136,316,001
Telephone, internet, and e-mail	306,345,223	248,281,743
Council meetings, administrative and academic meetings	1,069,134,961	888,769,955
Workshop and seminars	92,891,576	233,234,658
Bank charges	32,999,527	119,254,629
Rental, rates and taxes	23,267,780	1,411,365,998
Graduation ceremony	90,541,448	131,664,664
Examination expenses	959,148,002	471,604,196
Independent water source expenses	73,846,180	70,702,800
Exhibition expenses	79,062,240	119,296,052
Security expenses	451,236,000	183,420,041
Games and sports expenses	49,900,000	90,716,000
Advertisement expenses	14,800,350	100,928,161
Sanitation expenses	341,489,675	341,035,400
Burial expenses	110,491,770	125,126,472

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

10 Internal Revenue Expenditure (Continued)	<u>2016/2017</u> TZS	<u>2015/2016</u> TZS
Teaching materials	247,634,686	116,105,478
Award for retired staff	63,513,750	254,100,000
Field practical, dissertation and thesis expenses	804,719,623	1,020,859,619
Report writing and Compilation	208,413,826	18,520,000
Direct production units and departments support expenses	0	71,495,602
Computer expenses	8,630,559	22,499,495
Honorarium and Triennium expenses	96,830,488	63,563,000
Clearing and forwarding expenses	10,920,000	5,991,024
Purchase of small tools expenses	127,112,700	95,327,835
Contributions and subscriptions	233,016,806	83,790,255
Laboratory chemicals and drugs	156,083,633	160,025,777
Cooperate strategic planning cost and coordination expenses	139,143,000	138,096,000
Extra duty, extra time and other activities expenses	94,490,575	251,075,875
Data entry, students administration, and students support	432,304,800	575,262,566
Research coordination expenses	5,613,780	59,396,199
Pesticides, insecticides and herbicides expenses	374,000	3,069,500
Student record's administration expenses	61,245,900	272,741,000
Heavy teaching load, part-time lectures and extra teaching hours	396,919,768	164,837,825
Manpower, personnel and payroll expenses	200,093,688	341,683,000
Internal audit and verification expenses	171,261,188	169,467,782
Special committees and task force expenses	289,856,700	169,449,600
Cafeteria, catering expenses	10,190,400	7,567,000
Interview expenses	5,007,000	29,528,000
Bad and Doubtful Debts	362,563,420	493,366,357
Student Supervision Honorarium	87,697,485	306,308,750
Forest & Silviculture expenses	122,722,544	10,252,742
Quality Assurance and Accreditation expenses	0	155,580,000
Sponsored Student Upkeep and Settlement	60,516,960	10,520,749
Insurance & Licence	176,637,374	195,592,780
Documentation, Publication and Dissemination	569,149,000	0
Clinical Hospital Expenses	139,891,000	0
Councillor's Fee	33,500,000	13,925,000
Environmental Conservation Expenses	0	53,371,400
Contribution to Insurance Fund	0	4,920,000
Total	<u>15,546,644,000</u>	<u>17,478,232,127</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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11 Research Grant Expenditure	2016/2017	2015/2016
	TZS	TZS
General expenses	252,921,108	312,970,031
Personnel emoluments	1,749,061,082	1,299,537,719
Travel and subsistence allowances	1,597,579,937	1,788,844,248
Foreign travel	705,212,494	915,130,662
Consultancy expenses	103,577,731	309,331,910
Leave travelling expense	15,092,185	178,600
Maintenance of motor vehicles and machinery	141,341,077	196,373,239
Office expenses and stationery	114,741,172	171,937,641
Fuel and lubricants	153,794,181	241,639,454
Printing and publishing	19,753,406	105,806,307
Maintenance of office furniture and equipment	32,967,245	89,344,298
Training costs	2,919,974,617	3,012,823,760
Newspapers and magazines	8,235,512	4,622,000
Medical expenses	0	5,137,462
Maintenance of buildings, roads and sewage system	200,632,237	400,251,274
Animal feeds and drugs	66,523,000	57,413,805
Postage and Telecommunications	71,765,232	76,061,601
Administrative and academic meetings	166,302,005	485,645,204
Workshop and seminars	1,165,780,810	1,817,250,857
Bank charges	123,052,538	145,795,739
Insurance	87,201,070	11,598,446
Rental, rates and taxes	19,159,876	41,352,615
Security expenses	10,200,821	4,954,000
Advertisement and promotion expenses	48,595,563	3,973,767
Sanitation expenses	28,472,249	10,588,418
Research and teaching materials	395,511,872	502,616,269
Laboratory Consumables	202,298,960	388,007,939
Field practical, dissertation and thesis expenses	710,050,423	961,237,131
Research Proposal and report writing Expenses	771,753,105	401,512,605
Extension/farmer research expenses	321,936,170	238,335,745
Computer expenses	604,633,196	199,267,207
Purchase of small tools expenses	208,450,045	247,611,559
Contributions and subscriptions	10,399,073	4,307,096
Data Entry and Students administration expenses	575,494,341	566,454,561
Hotel expenses	192,840,317	172,144,862
Audit fee and expenses	415,642,937	201,745,010
Clearing and forwarding expenses	132,499,664	138,972,799
Research administration support expenses	2,784,885,503	2,239,306,721
Purchase of journals and periodicals	0	19,037,279
Institutional costs	623,502,732	1,662,420,811
Collaborative institute expenses	930,302,022	3,835,533,852
Short courses expenses	0	33,169,303
Supervision honorarium expenses	39,755,672	100,817,949
Electricity and gas expenses	6,321,577	447,955
Monitoring and evaluation expenses	246,484,242	170,569,917
Special committees and task force expenses	<u>44,189,924</u>	<u>256,255,000</u>
Total	<u>19,018,888,923</u>	<u>23,848,334,627</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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12 Income Tax

The University has not recognised any income tax liabilities or assets in these financial statements because in the opinion of the University Council it is more likely than not that no payments for income taxes will be made or demanded in the foreseeable future taking into account past experience and the current practice in the education industry in Tanzania. The University receives no similar exemption in respect of Value Added Tax except for projects where there are such provision in the agreement entered between the Government of United Republic of Tanzania and donor countries. The University has no trading company which operate as a commercial entity; all University campuses are mainly for research and students teaching purposes hence are not subjected to corporation Tax.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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13 Property, Plant and Equipment

Particulars	Land TZS	Buildings TZS	Plant and machinery TZS	Furniture and equipment TZS	Computers TZS	Motor vehicles TZS	Independent water source TZS	Sub-total TZS	Capital work in progress TZS	Total TZS
Year ended 30 June 2017										
Opening net book amount		24,920,435,303	106,465,738	4,072,183,343	877,000,223	1,577,529,569	396,139,472	32,016,216,148	3,927,633,620	35,943,849,768
Additions		444,191,473	-	629,532,384	87,086,144	69,748,355	-	1,230,558,356	1,020,115,493	2,250,673,849
Transfer		735,279,940	-	-	-	-	-	735,279,940	(735,279,940)	
Backlog Depreciation		610,303,014	8,462,901	297,531,310	(84,284,767)	95,941,361	180,063,416	1,108,017,735	-	1,108,017,235
Adjustment		-	-	(4,080,772)	-	-	-	(4,080,772)	-	(4,080,772)
Depreciation		(1,393,325,455)	(9,911,865)	(968,320,246)	(193,252,554)	(392,838,905)	(36,012,680)	(2,993,661,705)	-	(2,993,661,705)
Closing net book amount	66,442,500	25,316,884,275	105,036,774	4,026,846,019	686,549,046	1,350,380,380	540,190,208	32,092,329,202	4,212,469,173	36,304,798,375
At 30 June 2017										
Cost	66,442,500	38,768,909,651	656,134,698	11,603,211,615	4,245,273,240	6,376,300,249	900,317,000	62,616,588,954	4,212,469,173	66,829,058,126
Accumulated depreciation		(13,452,025,376)	(551,097,924)	(7,576,365,596)	(3,558,724,194)	(5,025,919,869)	(360,126,792)	(30,524,259,751)	-	(30,524,259,751)
Net book amount	66,442,500	25,316,884,275	105,036,774	4,026,846,019	686,549,046	1,350,380,380	540,190,208	32,092,329,202	4,212,469,173	36,304,798,375
Year ended 30 June 2016										
Opening net book amount	66,442,500	23,754,189,916	68,026,760	4,060,099,408	715,486,942	1,323,719,875	432,152,152	30,420,117,553	3,684,907,126	34,105,024,679
Additions	-	152,167,994	54,754,584	930,931,521	341,234,140	676,616,841	-	2,155,705,080	2,535,608,625	4,691,313,705
Transfer		2,292,882,131	-	-	-	-	-	2,292,882,131	(2,292,882,131)	
Depreciation		(1,278,804,738)	(16,295,606)	(918,847,586)	(179,720,859)	(422,807,147)	(36,012,680)	(2,852,488,616)	-	(2,852,488,616)
Closing net book amount	66,442,500	24,920,435,303	106,485,738	4,072,183,343	877,000,223	1,577,529,569	396,139,472	32,016,216,148	3,927,633,620	35,943,849,768
At 30 June 2016										
Cost	66,442,500	37,799,119,824	656,134,698	10,974,329,230	4,157,537,095	6,306,551,893	900,317,000	60,860,432,240	3,927,633,620	64,788,065,860
Accumulated depreciation	-	(12,878,684,521)	(549,648,960)	(6,902,145,887)	(3,280,536,872)	(4,729,022,324)	(504,177,528)	(28,844,216,092)	-	(28,844,216,092)
Net book amount	66,442,500	24,920,435,303	106,485,738	4,072,183,343	877,000,223	1,577,529,569	396,139,472	32,016,216,148	3,927,633,620	35,943,849,768

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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14 Biological Assets

	Livestock	Seedlings and Vegetables	Fruit trees	Growing timber	Total
	TZS	TZS	TZS	TZS	TZS
Year ended 30 June 2016					
At 1 July 2015	260,535,000	49,056,414	237,393,555	12,170,452,993	12,717,437,962
Gain/(loss) arising from changes in fair value less estimated selling costs	87,490,000	43,156,081	92,081,205	933,199,629	1,055,926,915
At 30 June 2016	348,025,000	92,212,495	329,474,760	13,003,652,622	13,773,364,877
Year ended 30 June 2017					
At 1 July 2016	348,025,000	92,212,495	329,474,760	13,003,652,622	13,773,364,877
Acquisition of Sheep	1,450,000	-	-	-	1,450,000
Gain/(loss) arising from changes in fair value less estimated selling costs	24,725,000	(17,414,308)	52,263,068	(1,372,023,608)	(1,312,449,848)
At 30 June 2017	374,200,000	74,798,187	381,737,828	11,631,629,014	12,462,365,029

The fair value of livestock was determined based on the market prices of similar age, breed and genetic merit.

Seedlings/vegetables are measured at cost and plantation crops are measured at fair value using discounted cash flow valuation model.

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14 Biological Assets (Continued)**Valuation of Growing Timber**

Valuation of standing timber requires critical assumptions and estimates. The single most used valuation method for determination of fair-value of standing timber is a Discounted Cash Flow (DCF) model, though in rare cases a mixed method of historical cost and DCF were used. Historical cost was used to determine the value of young plants (saplings) where their volumes could not be determined.

The model took into account the following assumptions and estimates: forest management plan, land preparation costs, plants (seedlings) costs, planting, Silvicultural (pruning and thinning) costs, harvesting (clear felling/ logging and transportation) costs, forest access road maintenance costs, production costs of lumber (sawmilling), Management, Financing and Insurance costs, storage costs, timber species, class sites, growth rate (annual volume increment), forest produce prices, production recovery rate, discount rate and historical costs.

Seventeen point five six(17.56%) percent discount rate was used to discount future cash flows anticipated to flow to the University for sale of standing timber or/and related products. The discount rate was derived by adding two point four four (2.44%) percent risk assumed to be attached to Government organizations to the market rate of Treasury bill which was fifteen point one two (15.12%) percent in year 2016

The dynamics and sensitivity inherent in the DCF were carried out to determine how the Present Value (PV) model responded with varying discount rate, cost and revenue. Therefore, fair-value is stated net of point of sale costs.

15. Intangible Assets

	<u>2017</u>	<u>2016</u>
	<u>TZS</u>	<u>TZS</u>
Vote Book Software	26,669,550	17,780,300
Library Catalogue Software	1,110,000	1,110,000
Student Record Software	45,664,812	45,664,812
Total	73,444,362	64,555,112

The intangible assets are considered to have indefinite useful life because they are in-house developed to suit University's needs. Impairment review was performed during the year indicating that no provision is required.

16 Inventories

	<u>2017</u>	<u>2016</u>
	<u>TZS</u>	<u>TZS</u>
Stationery stock,s	744,250	606,215
Building materials	1,057,531	1,092,280
Cleaning materials	466,250	606,700
Spare parts	651,566	2,208,989
Timber and logs	108,614,433	140,770,412
Fuel	6,230,310	3,482,250
Human medicines	7,237,100	75,043,675
Chemicals	6,065,791	31,180,200
Hospital (Lenin) Consumables	25,008,500	54,530,800
Stake Firewood	33,742,815	7,853,644

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Sub-total	189,818,546	317,375,165
Less: Provision for obsolete and damaged inventories	<u>369,731</u>	<u>323,127</u>
Total	<u>189,448,815</u>	<u>317,052,038</u>

17 Accounts Receivable

Student fees receivable	4,786,883,861	4,265,024,358
Sundry receivables	800,093,865	1,030,603,782
Collaborative institute debtors	1,406,697,511	1,493,957,298
Staff loans and advances	6,947,150	6,947,150
Research imprests	1,022,963,266	689,747,472
Staff imprests	1,079,969,881	787,387,442
Prepayments	372,130,914	372,811,053
Project Debtors	2,600,000	107,350,001
Rental Debtors	187,989,976	132,763,704
Staff car loans	<u>94,431,956</u>	<u>147,677,872</u>
	9,760,708,380	
Provision for impairment of receivables	<u>(158,028,492)</u>	<u>(364,371,720)</u>
Total	<u>9,602,679,888</u>	<u>8,669,898,412</u>

18 Government Grant Receivable

The receivable balance of government grant at 30 June 2017 arose, from the fact that the amount that was actually received from the government was not enough to cover the actual expenditure incurred by the University.

The total amount receivable from government can be analysed as follows:

	2017	2016
	TZS	TZS
Staff House Allowance	2,678,269,141	2,678,269,141
Employer contribution to pension authorities not received from Government	0	1,260,867,400
Staff accrued charges	5,804,932,295	5,804,932,295
Payroll Deductions June 2017	330,861,065	350,212,302
Development funds for construction of students hostels not yet received from Government	<u>1,374,609,565</u>	<u>2,280,962,320</u>
Total	<u>10,188,672,066</u>	<u>12,375,243,458</u>

19 Cash and Bank Balance

Government Grant	(21,473,907)	803,093,638
Internal revenue	2,545,045,278	1,676,599,800
Donor funds (a)	10,579,566,775	10,294,596,688
Payable bank accounts (a)	<u>2,493,718,934</u>	<u>198,161,034</u>
Total	15,596,857,080	12,972,451,160
Less: Restricted funds (a)	<u>13,124,612,053</u>	<u>(10,492,757,722)</u>
Cash and cash equivalents	<u>2,472,245,027</u>	<u>2,479,693,438</u>

(a) Under the terms of various Project Agreements between University and the donors, the University must maintain separate project bank accounts for these funds and their use is restricted to the eligible project expenditure. At the year end the total restricted funds amounted to TZS.13, 073,285,748 (2016: TZS 10,492,757,722) and for purposes of the statement of cash flows are excluded from cash and cash equivalents.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

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20	Deferred Asset Grant	<u>2017</u> TZS	<u>2016</u> TZS
	As at 1 July	15,475,852,271	30,398,636,618
	Acquisition of assets during the year	1,381,229,875	3,661,397,513
	Back Log Depreciation adjustments deferred asset	<u>205,600,811</u>	<u>(17,284,038,903)</u>
		17062,682,957	16,775,995,228
	Amortization for the year	<u>1,394,555,882</u>	<u>(1,300,142,957)</u>
	At 30 June	<u>15,668,127,075</u>	<u>15,475,852,271</u>

21 Tanzania Education Authority Loan

The University obtained a loan of TZS 982,754,930 in July 2011 from the Tanzania Education Authority for the purpose of financing the construction of Lecture Theatre II. As at 30 June 2014 a total of TZS 947,482,800(2013: TZS 947,482,800) had been disbursed to the contractor and has been recognised as borrowings. The loan carries the interest of 6% per annum. The loan and the interest are repayable annually over a five year period beginning 25 June 2012. The loan is unsecured but is guaranteed by the Ministry of Education and Vocational Training.

At July	<u>2017</u> TZS	<u>2016</u> TZS
Balance as at 01 July,	479,660,669	700,274,208
Repayment on 15 June	(110,068,552)	(220,137,104)
Interest charged during the year	0	39,386,461
Interest paid on 25 June	<u>(13,089,118)</u>	<u>(39,862,896)</u>
At 30 June	<u>356,502,999</u>	<u>479,660,669</u>
Current liability	220,137,104	259,523,565
Non-current liability	<u>136,365,895</u>	<u>220,137,104</u>
At 30 June	<u>356,502,999</u>	<u>479,660,669</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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22 Deferred Income on Donors' Grants

	2017	2016
	TZS.	TZS.
SUA Farmers Radio	0	550,201,431
Cystinet Project	326,525,763	0
Africa Institute for Capacity Development (AICAD)	139,705	139,705
Association for Strengthening Agricultural Research in Central Africa (ASARECA)	4,800,000	11,648,561
Climate Change Impacts, Adaptation and Mitigation in Tanzania (CCIAM)	471,146,218	551,174,465
Danish International Development Agency(DANIDA) Pilot Research	108,617,205	782,690,075
Danish Government Institute for Seed Pathology (DGISP)	929,754	20,479,690
*Various Donors	5,367,074,664	6,612,264,684
Enhancement of Research Capacity in Developing Countries(ENRECA)	560	24,919,963
Enhancing Pro-Poor Innovations in Natural Resources and Agricultural Value-Chains (EPINAV)	75,117,842	785,543,645
Tanzania Japan Counterpart Fund	259,897	259,897
FIRCOP	7,007	4,561,172
Implementation and Cooperation of Agriculture Research and Training (ICART)	582,000	971,549
Network for Enhanced Research in Infectious Disease(NRN)	889,040,792	1,847,800,360
Norwegian Programme for Development, Research and Education (NUFU)	180,000	37,786,731
Rapid Envelope Funding (REF)	645,450	645,450
Southern African Center for Infectious Disease surveillance(SACIDS) - Funded by Google Foundation	81,507,180	322,756,113
Southern African Center for Infectious Disease surveillance (SACIDS) - Funded by Wellcome Trust	137,354,931	1,736,810,662
Securing Livelihood Through Pig Production (SLIPP)		
SMC Hospital Care and Treatment	140,947	11,439,966
Eastern Arch Mountain Conservation Endowment Fund(EAMCEF)	0	1,047,443
International Development Research Centre (IDRC)	8,930,764	49,912,186
Cysticercosis for Eastern and Southern Africa(CESA)	9,108,907	9,108,907
Strategic Partnership Agreement-STRAPA	4,435,196	24,381,185
VlaamseInteruniversitaireRaad (VLIR)	902,438	25,677,521
Enhancing the Measuring ,Reporting &Verification of Forest in Tanzania (MRV)	22,586,412	35,542,152
SUA Afrique One Project	1,694,259	25,609,324
Enhancing Climate Change Impact & Mitigation -ECCIAM-Uluguru Mountain	6,922,870	11,102,870
World Bank Project	3,397,192	2,881,994
SUA SCIFOR Project	26,949,644	52,143,753
SUA TRAHESA Project	305,067,232	336,333,169
SUA-TZ/CAU-China project	0	4,726,937
SUA BSU Project	36,121,390	779,772,613
SUA TRANS-SEC PROJECT	185,960,347	252,842,099
SUA ACE IRPM	1,328,419,102	
Afrique One Aspir	83,102,164	
BOT Project	5,918,840,638	
SUA-ESUA-621-IL-14-00011	1,218,209,702	186,914,280
National Carbon Monitoring Project	248,382,928	617,292,528
	<u>16,873,101,100</u>	<u>15,717,640,176</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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22 Deferred Income on Donors' Grants (Continued)

Various donors comprises of 112 projects funded by external partners and 4 projects funded by Governmental organizations within the United Republic of Tanzania. These donors have no separate bank accounts, hence the University maintains two bank accounts namely SUA Main Grant Research Accounts; local and foreign. The University exercises control and monitors grants of these donors by having revenue and cost centre in the computerized budgetary control and financial system, whereby, financial position of each donor can be determined.

23 ACCOUNTS PAYABLE	2017	2016
	TZS	TZS
Trade payables	1,778,882,371	3,616,767,317
Sundry payables	507,667,897	3,919,998
Provision for audit fees	582,866,077	601,327,000
Accrued charges	829,362,703	1,446,221,344
Interdepartmental	188,585,528	247,327,861
Student Payable	775,960,082	508,440,675
Project Creditors	744,680,499	849,430,500
Provision for Contribution to Health Fund	255,843,100	255,843,100
Staff Insurance Compensation Payable	8,460,608	8,464,008
Land Rent Payable	1,369,108,000	1,369,108,000
Research Grant Payable	369,884,300	0
Other short term liabilities	<u>10,923,427,739</u>	<u>9,943,497,485</u>
	<u>18,334,728,904</u>	<u>18,850,347,288</u>

24 Related Party Transactions

Below are the summarized transactions with related parties for the year:

i) Key management personnel and Council Members' remuneration:

Key management personnel include the Vice-Chancellor, the Deputy Vice-Chancellors and Council Members.

Description	2017	2016
	TZS	TZS
Salaries and allowances	5,035,796,056	5,296,533,801
Pension	612,532,912	614,471,512
Council Members fees	<u>48,920,000</u>	<u>48,920,000</u>
	<u>5,697,248,968</u>	<u>5,959,925,313</u>

In year 2017, salaries and allowances include: salaries amounting to TZS 4,083,552,744 (2016: TZS 5,959,925,313), house allowance TZS 489,600,000 (2016: TZS 597,600,000) and other allowances TZS 462,643,312 (2016: TZS 602,457,057)

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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24 Related Party Transactions (Continued)

ii) Government and other institutions

	2017	2016
	TZS	TZS
Transactions with related parties include:		
Treasury: Government grant received in the year		
• Other charges	0	168,495,872
• Personnel emoluments	47,276,028,641	48,176,166,449
• Development	300,000,000	0
• House allowance	0	1,152,000,000
Government grant expenditure for the year	47,323,381,342	50 606 152 267
Commission for Science and Technology (COSTECH):		
• Postgraduates research costs	76,528,125	163,864,750
• Postgraduate fees	1,329,584,271	1,241,485,333
Higher Education Students' Loan Board (HESLB)		
• Students fees	12,392,105,549	10,230,316,334
• Students allowances	22,644,631,201	18,768,422,875
Balances with related parties include:		
<i>Payables:</i>		
Tanzania Education Authority (TEA) loan	356,502,999	479,660,669
<i>Receivables:</i>		
Government grant receivable	10,188,672,066	12 375 243 458

- Treasury Debts (Government grant receivable) refers to outstanding unremitted funds to SUA pertaining to salaries and gratuity.
- TEA granted a loan to SUA with an interest rate of six percent (6%) for construction of Lecture Theatre. However, as at 30 June 2013 TZS 947.4 million (2012: TZS 744.3 million) had been disbursed to the Contractor M/S B. H. Ladwa.
- COSTECH funds relate to fees and research for postgraduate students.
- Higher Education Students Loan Board (HESLB) sponsors most of the SUA's undergraduate students.

25 Events after the Reporting Date

There were no other significant events after the reporting date which requires any adjustment in the financial statements.

26 Contingent Liabilities

The University had no contingent liabilities at the year-end. (2016: Nil)

27 Capital Commitments

The University had the following capital commitments:

	<u>2017</u>	<u>2016</u>
	<u>TZS</u>	<u>TZS</u>
Commitment contracted at 30 June	3,665,679,391	711,783,333
Authorised but not contracted	330,756,108	3,000,000,000
	<u>3,996,435,499</u>	<u>3,711,783,333</u>

28 Ultimate Controlling Party

The Government of the United Republic of Tanzania is the ultimate controlling party of the University.

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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APPENDIX I

Revenue from Non-Exchange Transactions

Government Grants

Revenue	Actual TZS	Budget TZS	Variance TZS	Percentage Performance
Government Grant-For Other Charges	0.00	0.00	0	0
Government Grant-For Personnel Emoluments	47,276,028,641	54,120,543,027	6,844,514,387	87%
Government Grant- For Development	<u>300,000,000</u>	<u>4,000,000,000</u>	<u>3,700,000,000</u>	8%
Total	<u>47,576,028,641</u>	<u>58,120,543,027</u>	<u>10,544,514,387</u>	<u>82%</u>

APPENDIX 2

Revenue from non-exchange transactions-Donor Grants

Revenue	Actual TZS	Budget TZS	Variance TZS	Percentage Performance
Advancing Soil Health in Africa	193,496,714	591,150,000	397,653,286	33%
CCIAM Programme	29,016,934	0.0	(29,016,934)	0.0%
SUA NRN BIOMED	619,686,730	1,076,719,500	457,032,770	58%
Southern Africa Centre for Infectious Diseases (SACIDS)	336,913,611	818,293,406	481,379,795	41%
World Bank: SSCTF SACID Project	247,688,349	387,699,040	140,010,691	64%
Trans- Sec/Globe Project	886,553,579	625,000,000	(261,553,579)	142%
TRAHESA Project	912,972,740	1,189,667,556	276,694,816	77%
Building Stronger University	573,113,708	358,498,000.00	(214,615,708)	160%
AFRIQUEONE Project	27,044,917	0.0	(27,044,917)	0%
SACIDS WELCOME TRUST	1,765,055,038	1,759,288,034	(5,767,004)	100%
Enhancement of SUA's Capacity in ICT	989,398,682	2,047,775,000	1,058,376,318	4488.32%
EPINAV Programme	423,483,674	0.0	(423,483,674)	0%
SUA SACID	73,359,062	608,524,940	535,165,878	12%
DANIDA PILOT Projects	331,834,563	0.0	(331,834,563)	0%
China Joint Research Centre	10,297,755	389,000,000	378,702,244	3%
IFPHT-WELCOME TRUST	390,443,158	641,153,640	250,710,482	61%
National Carbon Monitoring Centre	1,228,137,692	3,762,987,500	2,534,849,808	33%
SUA CYSTINET	30,226,840	0.0	(30,226,840)	0%
African Centre of Excellency(ACEII)SACID	170,768,183	2,380,869,945	2,210,101,762	7%
African Centre of Excellency(ACEII)PMC	19,318,999	2,380,869,945	2,361,550,946	1%
Other Donors -Research Grant	<u>9,760,077,993</u>	<u>10,595,500,000</u>	<u>835,422,007</u>	<u>92%</u>
Total	<u>19,018,888,923</u>	<u>29,612,996,506</u>	<u>10,594,107,583</u>	<u>64%</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

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APPENDIX 3

Revenue from Exchange Transactions-Internal Revenue

Description	Actual TZS	Budget TZS	Variances TZS	Performance Percentage
Revenue				
Student Fees	12,392,105,549	11,599,855,831	(792,249,718)	107%
Application & Extensions Fees	86,265,600	105,646,160	19,380,560	82%
Accommodation Income	753,437,793	350,000,000.00	(403,437,793)	215%
Rental revenue from facilities and equipments	459,658,280	493,311,045	33,652,765	93%
Sales of Wood(Forest) products	406,945,750	468,647,000	61,701,250	87%
Farm Products	255,386,998	283,764,513	28,377,515	90%
Laboratory charges	12,553,058	20,387,590	7,834,532	62%
Water and Electricity charges	113,438,627	133,080,000	19,441,373	85%
Hospital charges	852,558,074	921,000,000	68,441,926	93%
Consultancy Income	89,033,000	200,000,000	110,967,000	45%
SUA Vehicle Income	41,668,381	55,000,000	13,331,619	76%
Institutional Fees	953,119,024	1,045,000,000	91,880,976	91%
Miscellaneous Income	<u>658,826,369</u>	<u>0.0</u>	<u>(658,826,369)</u>	<u>0%</u>
Total:	<u>17,074,996,503</u>	<u>15,675,692,139</u>	<u>(1,309,304,364)</u>	<u>109%</u>

APPENDIX 4

Non-exchange Transactions Expenditure-Government Grant

Revenue	Actual TZS	Budget TZS	Variances TZS	Performance Percentage
Basic Salary for permanent & contractual staff & fringe benefits	41,613,026,085	48,626,943,027	7,013,916,943	86%
Employers' Contributions to Social Security Funds	5,707,069,325	5,493,600,000	213,469,325	104%
Financial Expenses	1,179,332	0	(1,179,332)	0.0%
Rental & Hiring Expenses	2,106,600	0	(2,106,600)	0.0%
Government Grant - For Development	<u>0.0</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>	<u>0.0%</u>
Total	<u>47,323,381,342</u>	<u>58,120,543,027</u>	<u>10,797,161,685</u>	<u>81%</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES

APPENDIX 5

Non-exchange Transactions Expenditure-Donor Grants

Expenditures	Actual TZS	Budget TZS	Variiances TZS	Performance Percentage
Salaries, Wages and Employee benefits	1,749,061,082	2,750,000,000	1,000,938,918	64%
Travel & Travel Expenses	2,302,792,431	3,200,000,000	897,207,569	72%
Repair & Maintenance Expenses	528,734,740	600,000,000	71,265,260	88%
Printing, Office supplies & Consumables	335,570,407	420,000,000	84,429,593	80%
University Meeting Expenses	166,302,005	180,000,000	13,697,995	92%
Staff Training & Development Expenses	1,826,420,158	1,850,000,000	23,579,842	99%
Student Training & Research Expenses	1,093,509,459	1,500,000,000	406,490,541	73%
Insurance & Licence Expenses	87,201,070	105,000,000	17,798,930	83%
Utility Expenses	6,321,577	10,000,000	3,678,423	63%
Purchase of Small Tools	208,450,045	343,000,000	134,549,955	61%
Research, Teaching & Outreach Expenses	5230,621,314	6,800,000,000	1,569,378,686	77%
Workshop & Seminar Expenses	1,165,780,810	1,850,000,000	684,219,190	63%
Postage and Telecommunications Expenses	204,264,896	275,000,000	70,735,104	74%
Financial Expenses	123,052,538	155,970,000	32,917,462	79%
Sanitation and Environment Expenses	28,472,249	48,500,000	20,027,751	59%
Security & safety	10,200,821	10,500,000	299,179	97%
Computer Expenses	604,633,196	800,000,000	195,366,804	76%
Laboratory & Workshops Expenses	202,298,960	350,000,000	147,701,040	58%
Rental & Hiring Expenses	19,159,876	20,170,000	1,010,124	95%
Subscription, Gifts & Donations	10,399,073	12,400,000	2,000,927	84%
Student Administration & Welfare Expenses	575,494,341	740,000,000	164,505,659	78%
Institution Costs	623,502,732	1,770,650,000	1,147,147,270	35%
Animal Feed & Treatment Expenses	66,523,000	100,000,000	33,477,000	67%
Field Practical, Dissemination & thesis Expenses	39,755,672	350,000,000	310,244,328	11%
Audit and Verification Expenses	415,642,937	980,000,000	564,357,063	42%
Other Operational Expenses	464,421,512	1,491,806,506	1,027,384,994	32%
Institutional Collaboration Expenses	<u>930,302,022</u>	<u>2,900,000,000</u>	<u>1,969,697,978</u>	<u>32%</u>
Total	<u>19,018,888,923</u>	<u>29,612,996,506</u>	<u>10,594,152,279</u>	<u>64%</u>

SOKOINE UNIVERSITY OF AGRICULTURE (SUA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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APPENDIX 6

Exchange Transaction Expenditure (Internal)

Expenditures	Actual TZS	Budget TZS	Variances TZS	Performance Percentage
Salaries, Wages and Employee benefits	967,008,445	980,000,000	12,991,555	99%
Personal Emolument Employer Contributions	98,606,903	98,670,000	63,097	100%
Travel and Travel Expenses	692,321,863	627,000,000	(65,321,863)	110%
Repair and Maintenance Expenses	527,784,157	630,000,000	102,215,843	84%
Office supplies and Consumables	682,322,803	650,000,000	(32,322,803)	105%
University Meeting Expenses	1,282,971,518	1,250,000,000	(32,971,518)	103%
Staff Training and Development Expenses	125,169,806	120,000,000	(5,169,806)	104%
Student Training and Research Expenses	396,919,768	400,000,000	3,080,232	99%
Insurance and Licence Expenses	176,637,374	195,000,000	18,362,626	91%
Utility Expenses	1,517,523,515	1,500,000,000	(17,523,515)	101%
Examination Expenses	959,148,002	950,000,000	(9,148,002)	101%
Research, Teaching and Outreach Expenses	2,297,674,399	2,130,000,000	(177,674,399)	108%
Sport and Sport Gear Expenses	49,900,000	46,000,000	(3,900,000)	108%
Vehicles and Motor Cycles Running Expenses	456,630,480	550,000,000	93,369,520	83%
Postage and Telecommunications Expenses	317,265,223	315,000,000	(2,265,223)	101%
Financial Expenses	32,999,527	35,000,000	(2,000,473)	94%
Sanitation and Environment Expenses	415,335,855	420,000,000	4,664,145	99%
Graduation Expenses	100,261,448	105,000,000	4,738,552	95%
Health Care Services	413,005,737	655,000,000	241,994,263	63%
Security and Safety Expenses	451,236,000	463,000,000	49,994,263	89%
Laboratory and Workshops Expenses	156,083,633	175,000,000	18,916,367	89%
Rental and Hiring Expenses	23,267,780	25,000,000	1,732,220	93%
Subscription, Gifts and Donations	233,016,806	250,000,000	16,983,194	93%
Student Welfare Expenses	432,304,800	450,000,000	17,695,200	96%
Human Recourses Expenses	353,466,238	400,000,000	46,533,762	88%
Social Welfare Expenses	177,947,520	200,000,000	22,052,480	89%
Animal Feed and Treatment Expenses	111,730,601	120,000,000	8,269,399	93%
Marketing and Promotion Expenses	93,862,590	100,000,000	6,137,410	94%
Audit and Verification Expenses	171,261,188	220,000,000	48,738,812	78%
Hotel Conference Expenses	10,190,400	11,000,000	809,600.00	93%
Printing and Publications Expenses	48,145,000	50,000,000	1,855,000	96%
Cost of Production	122,722,544	170,000,000	47,277,456	72%
Other Operational Expenses	<u>1,651,922,077</u>	<u>1,555,022,139</u>	<u>(96,899,950)</u>	<u>106%</u>
Total	<u>15,546,644,000</u>	<u>15,675,692,13</u>	<u>129,048,139</u>	<u>99%</u>