



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



TANZANIA MERCANTILE EXCHANGE PLC

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

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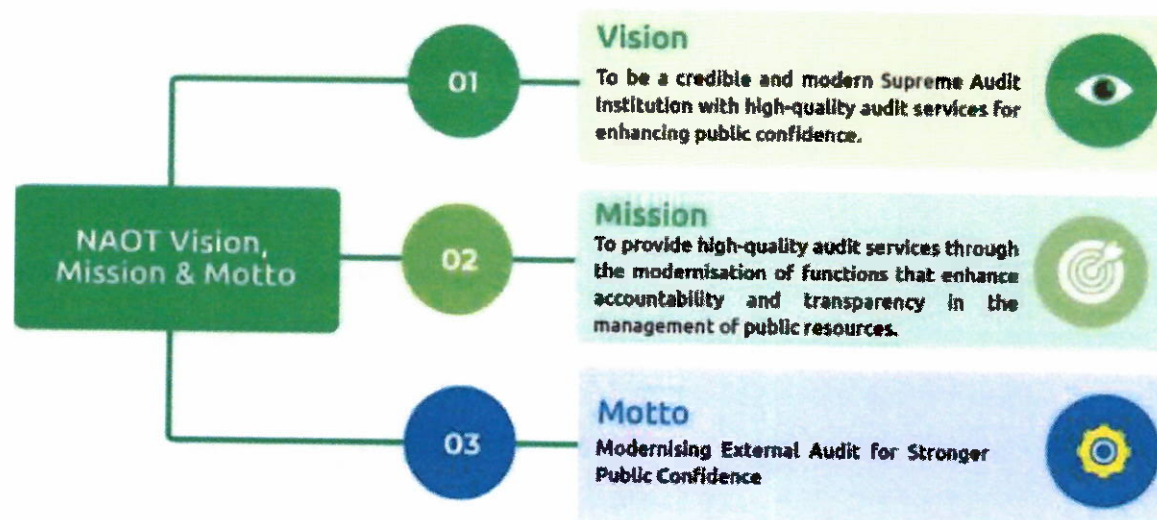
March 2025

AR/PA/TMX/2023/24

About the National Audit Office

Mandate

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



Independence and objectivity

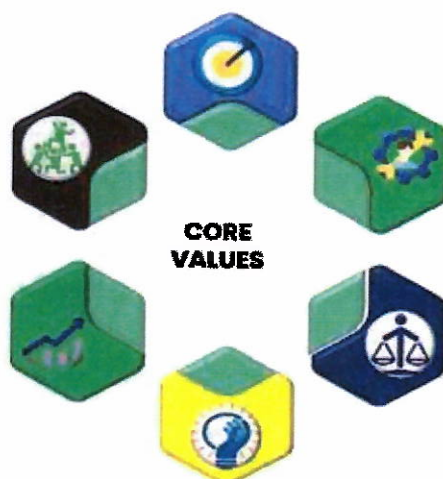
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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TABLE OF CONTENTS

LIST OF ABBREVIATIONS	iv
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024	7
3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE	32
4.0 DECLARATION OF THE HEAD OF FINANCE.....	33
5.0 FINANCIAL STATEMENTS	34

LIST OF ABBREVIATIONS

AMCOS	Agricultural Marketing Cooperative Society
Bcom	Bachelor of Commerce
CAG	Controller and Auditor General
CMSA	Capital Market and Securities Authority
COPRA	Cereals and Other Produce Regulatory Authority
CPA	Certified Public Accountant
DTA	Dar es Salaam Tea Auction
IASB	International Accounting Standard Board
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants' Code of Ethics
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
Kg	Kilogram
KPIs	Key Performance Indicators
MA	Master of Arts
MOA	Ministry of Agriculture
MOF	Ministry of Finance
MSc	Master of Science
MT	Metric Tonnes
NBAA	National Board of Accountants and Auditors
OTS	Online Trading System
PhD	Doctor of Philosophy
PLC	Public Limited Company
PSSSF	Public Social Service Security Fund
TBT	Tea Board Tanzania
TCB	Tanzania Coffee Board
TCDC	Tanzania Cooperative Development Commission
TFRS 1	Tanzania Financial Reporting Standard 1
TIB	TIB Development Bank
TMX	Tanzania Mercantile Exchange PLC
TR	Treasury Registrar
TZS	Tanzanian Shilling
WRRB	Warehouse Receipt Regulatory Board

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board,
Tanzania Mercantile Exchange,
Dar es Salaam,
Tanzania

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Mercantile Exchange which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Other Information

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

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

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

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

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, I conclude that there is a material misstatement of this other information, I am required to report that fact. As described below, I have concluded that such a material misstatement of the other information exists.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.1.1 Compliance with the Public Procurement laws

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

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

Conclusion

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

Non-compliance with key procurement requirements

My audit review of procurement management revealed several instances of non-compliance with the Public Procurement Act and related regulations at TMX for the year 2023/24:

- **Non-preparation of an Annual Procurement Plan (APP)**

Section 49(1) of the Public Procurement Act of 2022 requires that procuring entities to prepare annual procurement. However, various procurements amounting to TZS 43,978,873 were made without an Annual Procurement plan;

- **Procurements without using the National e-Procurement System (NeST)**

Section 63 of the Procurement Act of 2022 requires procurements to be conducted via the National e-Procurement System (NeST) or manually if unavailable. However, procurements worth TZS 43,978,873 were conducted manually, without using the NeST system; and

- **Non-establishment of a Tender Board**

Section 31(1) of the Public Procurement Act of 2022 requires procuring entity to establishment tender board. However, I noted that TMX did not established a Tender Board.

These issues primarily arose due to the absence of a qualified Procurement Management Unit (PMU) and personnel with the requisite technical expertise to oversee and implement procurement processes in compliance with the Public Procurement Act and its regulations. This lack of capacity has led to significant implications, including undermining transparency, fairness, and accountability in the procurement process. It also increases the risk of inefficient resource utilization, potential financial losses, and diminished value for money.

1.1.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

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

Conclusion

Based on the audit work performed, I state that, except for the matters described below, Budget formulation and execution of The Tanzania Mercantile Exchange is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

Inadequate controls around budget utilization and revision

Section 41(3) of the Budget Act of 2020 requires that “An accounting officer for a Government and all public entities may reallocate funds between programs or between sub-votes, in the budget for a financial year, where the total sum of all reallocations made to or from a program or sub-vote does not exceed the total expenditure approved for that program or sub-vote for that financial year. However, my review identified weaknesses in budget management practices at TMX during the financial year 2023/24.

Budget reallocations were not submitted to the board for approval, as observed in the review of board meeting minutes. Specifically, TZS 25,000,000 was reallocated from the subscription fees sub-vote, despite the initial approved budget for subscription fees being only TZS 10,500,000.

Additionally, there were over-expenditures above the approved budget and subsequent reallocations in various line items, totalling TZS 65,200,000.



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



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024**2.1. BACKGROUND**

The Board of Directors is pleased to present its report and financial statements for the year ended 30 June 2024 which discloses the affairs of the Tanzania Mercantile Exchange PLC (TMX).

2.2. INCORPORATION

TMX being under the Ministry of Finance (MOF), was incorporated as a Public Limited Company on 25 August 2014 to perform Commodity Exchange business in Tanzania whereby it began its operations in mid of the year 2018. TMX is licensed and regulated by Capital Market and Securities Authority (CMSA) in accordance with the Commodities Exchanges Act of 2015.

The Exchange was established as a public private partnership company. Shareholders of the Exchange are the Treasury Registrar (TR), Public Social Service Security Fund (PSSSF) and TIB Development Bank.

2.3. Capital structure

The authorized share capital of Tanzania Mercantile Exchange PLC is 30,000,000 ordinary shares each TZS 1,000 with a par value of TZS 30,000,000,000. Issued and paid-up shares are 4,500,000 each TZS 1,000. There was no change in capital structure paid up shares during the year ended 30 June 2024 as indicated below:

Name of shareholder	Number of shares	Shares paid up TZS mill	Shareholding percentage (%)
Government of the United Republic of Tanzania through Treasury Registrar (TR)	3,000,000	3,000	66.70
Public Service Social Security Fund (PSSSF)	1,000,000	1,000	22.20
TIB Development Bank	500,000	500	11.10
	4,500,000	4,500	100.00

No director has interest in the shareholding of the Company.

2.4. Vision

To be the leading and most diverse and dynamic commodity marketplace in East, Central and Southern Africa.

2.5. Mission

To produce a modern efficient, transparent and reliable market platform for commodity to serve the national development goals through state of the art, technology and integrity

TANZANIA MERCANTILE EXCHANGE PLC

2.6. Ethics and values

Commodity trading relies heavily on culture, ethics and values so as to deliver trades and market data dissemination to stakeholders. These will in turn assist the exchange to achieve its goals faster and meet stakeholders' expectations. TMX core values are as follows:

- i. Transparency
- ii. Accountability
- iii. Integrity
- iv. Innovativeness
- v. Professionalism

2.7. MEMBERSHIP AND COMMITTEES OF THE BOARD

2.7.1. The Board of Directors

Directors are appointed by TMX shareholders with consideration of relevant skills and experience. Directors of TMX (all of whom are Tanzanians) at the date of this report and who served from 1st July 2023 to 31 March, 2024:

Table 1: Members of the board of directors of TMX up to March 2024

S/N	Name	Position	Qualification	Age	Date of appointment	Expiry of Term
1	Mr. Charles Gambageu Singili	Chairman	CPA(T), BCom Accounting	67	March, 2021	March, 2024
2	Mr. Fortunatus Makore Magambo	Member	Associate Doctorate and MSc Economics	56	March, 2021	March, 2024
3	Dr. Yamungu Mahwago Kayandabila	Member	PhD Economics	52	March, 2021	March, 2024
4	Mr. John Mihayo Cheyo	Member	CPA(T), Post Grad Financial Management	58	March, 2021	March, 2024
5	Mr. Andambike Mwakisole Mololo	Member	M.A Economy and Development Cooperation	56	March, 2021	March, 2024
6	Mr. Aristides Robert Mbwasi	Member	MSc. Management, Economics and Consumer Studies	45	March, 2021	March, 2024
7	Mr. Wilson Deonatus Malosha	Member	Master of International Trade, MA Mass Comm	57	March, 2021	March, 2024
8	Mr. Godfrey Daimon Malekano	Member	CPA (T) Master of Business Admin in Finance	52	March, 2021	March, 2024

Source: Board of Directors Appointment Letters

Table 2: Members of the Board of Directors of TMX from August 2024

S/N	Name	Position	Qualification	Age	Date of appointment	Expiry of Term
1	Dr. Florence Martin Turuka	Chairman	PhD Agric Economics	64	Aug, 2024	Aug, 2027
2	Mr. Juma Hassan Reli	Member	Masters of Business Administration	68	Aug, 2024	Aug, 2027
3	Dr. Yamungu Mahwago Kayandabila	Member	PhD Economics	52	Aug, 2024	Aug, 2027

TANZANIA MERCANTILE EXCHANGE PLC

4	Ms. Nasama Mahanyu Massinda	Member	Masters of Business Administration	67	Aug, 2024	Aug, 2027
5	Ms. Neema Raymond Kuwite	Member	CPA (T), Master of Business Admin in Finance	51	Aug, 2024	Aug, 2027
6	Mr. Aristides Robert Mbwas	Member	MSc. Management, Economics and Consumer Studies	46	Aug, 2024	Aug, 2027
7	Ms. Lilian Mwakalebela Mbasi	Member	Master of Business Admin in Finance and Banking	47	Aug, 2024	Aug, 2027
8	Mr. Andambike Mwakisole Mololo	Member	M.A Economy and Development Cooperation	53	Aug, 2024	Aug, 2027
9	Mr. Godfrey Daimon Malekano	Member	CPA (T), Master of Business Admin in Finance	52	Aug, 2024	Aug, 2027

Source: Board of Directors Appointment Letters

2.7.2. Committees of the Board

During the year, the Board was assisted by two Board Committees namely, the Administration, Finance and Audit Committee and Market Development Committee.

- i. The Administration, Finance and Audit Committee (AFC) which is responsible for assisting the Board in fulfilling its oversight responsibilities on financial reporting process, the system of internal control over financial reporting, the audit process, and the Exchange's process for monitoring compliance with laws and regulations and the code of conduct.
- ii. The Market Development Committee is responsible for providing proper exchange mechanisms in business operations so as to provide proper entity direction in attaining strategic goals.

Members of the committee is shown as follows:

Table 3: Members of Committees of the board of directors from august 2024

S/N	Name	Administration, Finance and Audit Committee	Market Development Committee
1	Mr. Juma Hassan Reli	✓	
2	Dr. Yamungu Mahwago Kayandabila		✓
3	Ms. Nasama Mahanyu Massinda		✓
4	Ms. Neema Raymond Kuwite	✓	
5	Mr. Aristides Robert Mbwas		✓
6	Ms. Lilian Mwakalebela Mbasi		✓
7	Mr. Andambike Mwakisole Mololo	✓	

Source: Board of directors' meetings files

TANZANIA MERCANTILE EXCHANGE PLC

2.7.3. Board of directors' meetings

The Board of Directors and its Committees meet after every three months with additional meetings convened when it was necessary. During the year ended 30 June 2024 the Board of Directors held two meetings of which were ordinary meetings. In addition, there were various Meetings of the Board of directors Committees as shown in Table 4.

Table 4: Meetings of the Board of directors' committees

S/No	Name of Committee	Ordinary Meetings	Extraordinary Meeting	Total Meetings
1.	Administration, Finance and Audit Committee (AFC)	2	2	4
2.	Market Development Committee (MDC)	2	-	2

Source: Board of directors' meetings file

Table 5: Number of meetings held and attended by members of the board of directors

S/N	Name	Position	Board	AC	MC
1	Mr. Charles Gambageu Singili	Chairman	2	N/A	N/A
2	Mr. Fortunatus Makore Magambo	Member	2	4	N/A
3	Dr. Yamungu Mahwago Kayandabila	Member	2	N/A	2
4	Mr. John Mihayo Cheyo	Member	2	4	N/A
5	Mr. Andambike Mwakisole Mololo	Member	2	2	N/A
6	Mr. Aristides Robert Mbwas	Member	0	N/A	1
7	Mr. Wilson Deonatus Malosha	Member	1	N/A	2
8	Mr. Godfrey Daimon Malekano	Member	2	4	2

Source: Board of directors' meetings file

Table 6: Key issues deliberated by the Board for the year 2023/24

Board Meeting	Major Issues Discussed	Decisions/Directives	Board Committee
2nd Quarter	Commodity trading	TMX should pursue with the Bank of Tanzania regarding the request for funds to assist in administering of various commodity trading.	Market Development Committee
	Commodity trading	Prepare a status report on tea to inform the Board and Higher Authorities on what TMX has done to date and challenges faced. Also Follow up with the Tea Board to ensure that the Bravo warehouse is utilized accordingly.	Market Development Committee
	Commodity Trading	TMX should document challenges faced during Coffee trades and report to the Board accordingly.	Market Development Committee
	Electronic Display Systems	TMX to ensure that the market displays tickers in Dar es Salaam are in place and running.	Market Development Committee

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

Board Meeting	Major Issues Discussed	Decisions/Directives	Board Committee
	Financial Sustainability	Provide clarifications on implementation status of what has been done to enhance TMX Financial Sustainability.	Administration, Finance and Audit Committee
	Staff Welfare	In addition to Leave roster, Staff welfare should include all matters relating to staff such as Salary advances provided, leave allowances and other statutory benefits.	Administration, Finance and Audit Committee
	Condolence rate	(i) Rate to be provided for the death of Spouse should be the same as that provided for the death of staff. (ii) Condolence provided for Board member should also include Spouse, Children and Parent. Board of Directors approved the rates submitted by TMX Management.	Administration, Finance and Audit Committee
	Financial Statements and Management Letter	During the year the Board reviewed and approved the Report by those charged with Governance and Financial statements to be submitted to CAG	Administration, Finance and Audit Committee

Source: Board of director's meetings file

2.8. PRINCIPAL ACTIVITIES OF TMX

2.8.1. Target

TMX aims at improving efficiency of marketing through on-line trading in dematerialization form, improve facilities for structured finance due to availability of a reliable market, developing and implementation of hedging needs and promoting awareness about spot and future trading services of TMX across the length and breadth of the country.

2.8.2. Resources

The Exchange's key strengths which assist in the performance of its functions to achieve its objectives are pegged on a well-composed Board of Directors, effective Management, competent human resources, developed Information, technological infrastructure and documented internal operating procedures. These strengths continuously create value to the Exchange.

The Exchange's tangibles and intangible resources, which include intellectual resources, human resources, social and relationship resources, and other resources are explained below:

a) Intellectual resources

The Exchange's intellectual resources include technical design expertise, an integrated system which has automated and modernized operations, and a quality management system comprising

Controller and Auditor General

AR/PA/TMX/2023/24

of elaborately documented internal operating policies and procedures. In general, the implementation of IT systems and system of internal controls improves the Exchange's service delivery process and enhances efficiency.

b) Human resources

The Exchange has skilled, committed, motivated and competent employees dedicated to the provision of quality services. Management adheres to the principles of good governance and promotes good working environment and labour relations. In addition, the Exchange continually invests in human capital development focusing on training, staff wellness, staff recognition and competitive remuneration.

c) Social and relationship resources

In executing its functions, the Exchange establishes ethical and transparent relationship with its respective Ministry of Finance (MOF) and other ministries, regulatory authorities, customers, policy makers and the society in general.

TMX aims at improving efficiency of marketing through on-line trading in dematerialization form, improve facilities for structured finance due to availability of a reliable market, developing and implementation of hedging needs and promoting awareness about spot and future trading services of TMX across the length and breadth of the country.

2.9. ENTITY'S OPERATING MODEL

Tanzania Mercantile Exchange PLC (TMX) was incorporated as public limited company on 25 August 2014 TMX enhances the market system by providing a structured online trading platform (system) which aims at providing price discovery and trade transparency. Being regulated by Capital Markets and Securities Authority (CMSA), one of the key objectives of the exchange is to improve efficiency of marketing through on-line trading in dematerialization form, improve facilities for structured finance due to availability of a reliable market, develop and implement hedging needs and promoting awareness about spot and future trading services across the length and breadth of the country.

The exchange improves and strengthens the Warehouse Receipt System by providing a reliable market platform for buyers and sellers to trade in a structured and regulated market.

Stakeholders benefit from the Exchange, considering agricultural contracts for example, farmers will have greater flexibility and can better plan their operations, agro-processors can reduce the impact of price fluctuations on their processing margins; traders can enhance their procurement and better manage their risks and minimize cost of market interventions; banks will find lending to each of these groups much safer. In all, having access to a viable exchange promotes the national economy through revenue collections and enhanced production.

The TMX platform facilitates exchange of commodities and payments from buyers to sellers

through the warehouse receipt system.

TMX organization structure consists of seven Units as follows:

- i. Operations Unit;
- ii. Corporate Services Unit;
- iii. ICT and Statistics Unit;
- iv. Procurement Management Unit;
- v. Legal Services Unit;
- vi. Internal Audit Unit and;
- vii. Risk and Surveillance Unit.

All members of the Management report directly to the Chief Executive Officer. The Chief Executive Officer reports to the Board of Directors

- i. Human Capital - this includes employees with adequate skills and competences to ensure delivery of quality services.
- ii. Financial Capital - comprises of financial resources obtained from Government of Tanzania, financial support from Development Partners and internally generated funds from Transaction fees.
- iii. Social and relationship Capital - In executing functions, TMX has established an ethical and transparent relationship with Government Ministries, Institutions and other Stakeholders.

2.10. STRATEGIC INITIATIVES AND ACTIVITIES CARRIED OUT DURING THE YEAR

During the year under review, TMX had the following strategic objectives which are;

- i. HIV/AIDS Infection and Non-Communicable Diseases reduced, and Supportive Services improved,
- ii. Implementation of National Anticorruption Strategy enhanced, and Corruption Incidence reduced,
- iii. State of art technology of the commodity exchange platform adopted,
- iv. Operationalization of the Exchange Improved,
- v. Corporate service delivery,
- vi. Resources mobilization and Financial Sustainability improved.

Implementation of TMX strategic objectives is summarized as follows;

2.10.1. HIV/AIDS Infection and Non-Communicable Diseases reduced, and Supportive Services improved

Improving provision of knowledge on HIV/AIDS Infection and Non-Communicable Diseases through various awareness campaigns. In the long run, TMX also intends to continue with awareness campaigns on HIV/AIDS and strengthening provision of HIV/AIDS support services.

2.10.2. Implementation of National Anticorruption Strategy enhanced, and Corruption Incidence reduced

During the period under review, TMX provided staff with awareness on anticorruption. The Exchange continues with promoting inclusiveness of anticorruption agenda in all exchange activities.

2.10.3. State Of Art Technology Of The Commodity Exchange Platform

The marketing system in Tanzania is mostly traditional, especially in agricultural commodities. The trading of commodities using a digitalized platform is still a new concept in Tanzania. TMX was established to address the market challenges and perform the role of an efficient market that adopts modern technology.

As part of the implementation of state of art technology for the financial year 2023/24 all commodities traded through TMX were conducted through the Online Trading System (OTS). All trade sessions conducted were done transparently and information of live trade sessions were disseminated to all stakeholders.

Further to that, trading system upgrade was done to accommodate various commodities and TMX Online Trading System had features to support various models through consideration of stakeholder's requirements. The Exchange will continue to upgrade the OTS to accommodate future planned commodities so as to achieve effective online trades.

2.10.4. Operationalization of the Exchange

TMX has a role of ensuring all stakeholders are well informed of the functions and benefits of the commodity exchange where sellers and buyers meet to transact in an organized manner, with certain clearly specified and transparent "rules of the game". The operationalization of the exchange begun where some of the commodities were traded, however due the existing arrangement of conducting auctions, this led TMX to face challenges in deploying commodity exchange as observed with other exchanges in the world instead TMX digitized/automated the existing local auction system (single seller and many buyers) to enable market participants to be familiar with the trading platform. Commodities traded during the year included Coffee, Tea, Cocoa, Soy beans and Sesame. TMX also plans to trade Cashew nut, Pigeon peas, Chickpeas, Livestock and Minerals.

2.10.5. Corporate Service Delivery

Corporate services and human resources are of great importance in any organization. They play a major role in ensuring that the company's objectives are met. Provision of a better working environment plays a very important role in the whole process of attracting and retaining skilled, committed and innovative human capital.

Throughout the year, TMX supported staff to attend training so as to enhance skills and knowledge required to meet business objectives. Trainings were to impart participants with ethics and public service skills so as to enable them to be efficient and customer focused on

service delivery. Staff also attended professional board seminars as part of capacity building initiative.

2.11. Resources Mobilization And Financial Sustainability

Resource mobilization refers to securing new and additional resources for any institution. Resource mobilization is critical for the institution to perform its function as well as making TMX operational. This involves a need to improve current financial conditions for implementation of the TMX set operational activities. Some of the operational activities and awareness programs were accomplished with the support of developing partners.

2.12. Public Education

TMX conducted trainings and awareness campaigns to key stakeholders in order to bring common understanding to market actors such as sellers referred to as farmers through their respective Agricultural Marketing Cooperative Society (AMCOS) and Unions, buyers, Government officials including Regional Commissioners, Regional Administrative Secretaries and District Commissioners, Cooperatives leaders, policy makers, farmers' groups, financial institutions, and many other stakeholders on the benefits, rights, and responsibilities in implementing the system.

2.13. Stakeholders Relationship

The Exchange maintains its relationship with all stakeholders including Ministries, Treasury Registrar, Regulatory Authorities, Government Agencies, Financial institutions, Media, Parliament, Development Partners, Crop Boards, Traders, Shareholders, Employees and General public. The Exchange views this relationship with stakeholders as an important aspect to be handled carefully to achieve its objectives and will therefore continue to maintain good relationship with all its stakeholders by providing and meet their needs and expectations.

Table 7: Stakeholder's relationship analysis

No	Stakeholders	Services/Products Offered	Expectation
1	Ministry of Finance	<ul style="list-style-type: none"> Professional advice relating to commodity markets Commodity markets data and information. Quarterly financial reports; Budgets and Annual reports to the Ministry 	<ul style="list-style-type: none"> Proper utilization of Government funds Increase number of traded contracts, Government Revenue and Price discovery Timely and accurate financial reports; Proper financial management; Good governance, transparency and accountability of the TMX;
2	Capital Market and Securities Authority (CMSA)	<ul style="list-style-type: none"> Professional advice relating to commodity markets; Commodity markets data and information; Performance report 	<ul style="list-style-type: none"> Efficient and sustainable capital and commodity markets as well as fair and equitable dealings in commodities; Timely and accurate financial reports; Proper financial management; Proper management and utilization of Government resources;

TANZANIA MERCANTILE EXCHANGE PLC

No	Stakeholders	Services/Products Offered	Expectation
3	The Government/ Ministries	<ul style="list-style-type: none"> Commodity markets data and information; Market performance reports. 	<ul style="list-style-type: none"> Effective policies relating to commodity markets; Efficient and sustainable commodity markets; Principles for guidance of commodity traders; Efficient and effective regulation and supervision of commodity markets;
4	Treasury Registrar (TR)	<ul style="list-style-type: none"> Performance reports 	<ul style="list-style-type: none"> Proper utilization of funds Proper maintenance of Government assets Contribution of dividends
5	Tanzania Trade Development Authority (Tan Trade)	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Continuously Commodity Contracts to be traded
6	Warehouse Receipt Regulatory Board (WRRB)	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Trading of commodities aggregated through Warehouse Receipts System.
7	Tanzania Cooperative Development Commission (TCDC)/ Cooperative Unions	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Trading of commodities aggregated through Warehouse Receipts System. Timely payments
8	Financial Institutions	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Increase number of customers. Financial inclusion
9	Development Partners	<ul style="list-style-type: none"> Commodity markets data and information Performance reports Financial management report Project proposals 	<ul style="list-style-type: none"> Proper utilization of funds Financial inclusion. Service delivery in line with expectations Practical demonstration of good corporate governance practice Accountability over resources
10	Media	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Availability of Market information Participation on public awareness programs.
11	Parliament	<ul style="list-style-type: none"> Performance reports Annual reports 	<ul style="list-style-type: none"> Robust commodity market policies; Timely and accurate financial reports; Clean audited financial statements; Proper financial management; Proper management and utilization of Government resources; Good governance, transparency and accountability;
12	Crop Boards	<ul style="list-style-type: none"> Commodity markets data and information 	<ul style="list-style-type: none"> Transparent and competitive market

TANZANIA MERCANTILE EXCHANGE PLC

No	Stakeholders	Services/Products Offered	Expectation
		<ul style="list-style-type: none"> Commodity trading platform 	
13	Traders	<ul style="list-style-type: none"> Competitive prices Timely payments Commodity trading platform Assurance of quality and quantity of commodities traded 	<ul style="list-style-type: none"> Transparency, Market information Fairness Conducive trading environment Timely settlement.
14	TMX Shareholders	<ul style="list-style-type: none"> Dividend Performance report Audited annual report 	<ul style="list-style-type: none"> Timely, accurate and reliable share of information Proper utilization of funds Distribution of dividends Good governance, transparency and accountability;
15	TMX Employees	<ul style="list-style-type: none"> Payments of remunerations Incentives and rewarding scheme Training and career development Working tools, equipment and Facilities Health and Safety environment 	<ul style="list-style-type: none"> Accurate, attractive and timely payment of remunerations; Proper employment record keeping, timely remittance of pay deductions and employer's contributions to the respective social security funds; Transparent and fair training and implementation of career development plans; Conducive working environment, adequate
16	General Public	<ul style="list-style-type: none"> Public education Complaint handling Market information and reports 	<ul style="list-style-type: none"> Quality customer service; Transparency in recruiting TMX's staff; Timely dissemination of commodity market and information; Effective complaint resolution; Proper use of public resources; Public education on commodity markets issues; Effective and efficient service delivery;

2.14. Principal Risks and Uncertainties

The Exchange's activities expose it to a variety of financial risks, including trading risk and political risk. The Exchange's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Exchange's Audit, Finance and Administration Committee through its Internal Audit made up of senior management is responsible for developing and monitoring the Exchange's risk management policies which are established to identify and analyze the risks faced by the

Exchange, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Exchange's activities.

TMX has established board audit committee, which carries out regular and ad hoc reviews of risk management controls and procedures.

i. Trading Risk

Commodity price risk is the financial risk on an entity's financial performance/ profitability upon fluctuations in the prices of commodities that are out of the control of the entity since they are primarily driven by external market forces. The exchange through Price discovery determines the price of a specific commodity through basic supply and demand factors prevalent in the marketplace. The process of price discovery depends on several interrelated factors such as market structure (such as number, size, location, and competitiveness of buyers and sellers), market information (including amount, timeliness, and reliability of information), market behavior (procurement/ sales and pricing methods), global linkages and prevalence of futures markets or alternate risk management instruments.

ii. Political Risk

The Exchange may also from time to time be affected by political risks which are difficult to take control thus may hinder performance/profitability. These risks may lead to trading instability due to change in leadership of legislative bodies and other policymakers.

The exchange collectively performs regular training and awareness to stakeholders and new policymakers elected to bring about awareness of the exchange business.

2.15. Operational Performance During the Year

TMX collaborated with various entities including Warehouse Receipt Regulatory Board (WRRB), Tanzania Cooperative Development Commission (TCDC), Cereal and Other Produce Regulatory Authority (COPRA), Mining Commission, various Crop Boards, Ministry of Finance, Ministry of Agriculture, Ministry of Industry and Trade and Ministry of Livestock and Fisheries in engaging with other stakeholders in various commodity value chains. Furthermore, TMX collaborated with regional and District leaders especially in engagements with Cooperatives and farmers at large. For the year under review TMX planned to trade Coffee, Tea, Cocoa, Soybeans, Sesame, Livestock and Minerals.

- i. During the financial year 2023/24 TMX traded agricultural commodities through Online Trading System where traders participated remotely with no need of physical presence on the production zones. This in turn enabled us to cut down transaction costs to both sellers and buyers.

- ii. Volumes traded included 2,958.20 MT of Cocoa from Morogoro and Mbeya region.

TANZANIA MERCANTILE EXCHANGE PLC

- iii. In Collaboration with COPRA, TMX also traded 821.74 MT of Soybean from Ruvuma Region.
- iv. On 13th November 2023 TMX and Tea Board Tanzania (TBT) launched Dar es Salaam Tea Auction (DTA) along with other key stakeholders including Tea Association of Tanzania (TAT), Tanzania Smallholder Tea Development Agency (TSHTDA), Tanzania Private Sector Foundation (TPSF) and the Warehouse Receipt Regulatory Board (WRRB). Through TMX platform 489.63 MT of Tea from Tanga and Njombe Regions were traded.
- v. Furthermore, TMX collaborated with Tanzania Coffee Board (TCB) to trade Coffee in Kagera Region, where a total of 36,019.64 MT of Coffee which includes 22,225.42 MT of Robusta, 12,966.29 MT of Robusta Certified, 0.38 MT of Robusta Clean, 569.86 MT of Arabica and 257.72 MT of Arabica Certified was traded throughout the period ended 30 June 2024.
- vi. Efforts were also made in accommodating mineral trade within the Exchange. This involved TMX collaborating with the Ministry of Minerals through the Mining Commission to engage stakeholders in order to analyze the whole value chain and modality to be used to pilot mineral trades.

2.16. Financial Performance of the Exchange

The Exchange's main source of financing comes through Government subvention and own source.

a) Financial Performance

During the year under review, the Exchange reported a deficit of TZS 561,926,480 (2022/23 TZS 793,743,670). The deficit is mainly due to the Exchange still operating on auction basis and hence charging low transaction fee or no fee at all in some commodities corresponding with the operational expenditure. Further to that the Exchange has traded more commodities during the year under review compared to the previous year.

i. Government subventions

Increased by 27% to TZS 1,323,000,000 in 2023/24 from TZS 1,038,333,333 in 2022/23

ii. Revenue from exchange transactions

Revenue from exchange transactions has increased by 162% to TZS 452,959,417 in 2023/24 from TZS 172,558,609 in 2022/23. The increase was mainly due to an increase in trading activity by the Exchange through the introduction of commodities like Soybeans, Cocoa and Sesame.

b) Financial Position

i. Cash and cash equivalents

Cash and cash equivalents stood at TZS 4,589,824,287 as at 30 June 2024 compared to a position

TANZANIA MERCANTILE EXCHANGE PLC

of TZS 1,227,201,379 as at 30 June 2023. The major increase in cash flow was due to an increase in traders who deposited trade security funds in clearing and settlement bank accounts as participation requirement for commodity trading.

ii. Receivables from exchange transactions

Receivables from exchange transactions stood at TZS 272,907,345 as at 30 June 2024. This was due unsettled fees from stakeholders while trading sesame, soybeans and coffee for the year 2024.

iii. Property and equipment

Property and equipment reduced to TZS 544,341,321 in 2023/24 from TZS 661,210,911 in 2022/23 due to depreciation charged in the year under review.

iv. Intangible assets

The intangible assets decreased to TZS 61,363,160 in 2023/24 from TZS 73,670,620 in 2022/23. The decrease in intangible assets is due to amortization of the Online Trading System (OTS) in the current year.

c. Budget Performance

The 2023/24 annual plan was prepared to address Third Five Year Development Plan (FYDP); Ruling Party Election Manifesto of 2020 and the Exchange Objectives as per its Strategic Plan. The following are the notable achievement during the period under review:

Table 8: The Exchange's Budget Performance

Description	Budget for 2023/24 TZS	Actual for 2023/24 TZS	Variance TZS	Variance (%)	Reasons/Remark
Revenue					
Revenue from Exchange Transactions	979,150,118	452,959,417	526,190,701	54	The Exchange administers trades on a promotional mechanism to provide knowledge to stakeholders on commodity trading. Fee charged is still not based as per the Exchange fee structure.

TANZANIA MERCANTILE EXCHANGE PLC

Description	Budget for 2023/24 TZS	Actual for 2023/24 TZS	Variance TZS	Variance (%)	Reasons/Remark
Subvention from other Government Entities	2,970,000,000	1,323,000,000	1,647,000,000	55	Major variance was due to development budget of TZS 1,500,000,000. Whereby the fund was allocated to the Ministry of Finance.
Total Revenue	3,949,150,118	1,775,959,417	2,173,190,701	55	

Expenses					
Wages, salaries and employee benefits	1,256,703,518	1,162,815,055	93,888,463	7	Only one of new budgeted employees was transferred to TMX hence this led to the variance.
Use of goods and services	961,546,600	792,166,373	169,380,227	18	TMX did not implement all operational activities at a large scale compared to what was initially budgeted.
Other transfers	20,000,000	10,000,000	10,000,000	50	Contributions depended on events that occurred during the year
Other expenses	700,900,000	139,017,503	561,882,497	80	Through the year TMX encountered less operational indirect costs.
Maintenance expenses	1,010,000,000	8,661,278	1,001,338,722	99	During the year TMX focused on lowering most of the operational running costs.
Acquisition of Intangible Assets	-	9,300,000	(9,300,000)	-	Variance was due to upgrading the OTS in preparation to sesame trades.
Total Expenses	3,949,150,118	2,121,960,209	1,827,189,909	46	

TANZANIA MERCANTILE EXCHANGE PLC

d. Cash flows

i. Cash Flows from Operating Activities

The cash flow from operations increased from negative TZS 752,475,290 in 2022/23 to TZS 3,460,671,546 during 2023/24. The increase was attributed to an increase in operational activities of the exchange in regard to administering commodity trading.

ii. Cash Flows from Investing Activities

The cash flow from investing activities decreased from TZS 36,600,000 in 2022/23 to TZS 9,300,000 during 2023/24. The decline was attributed to less upgrading that was done to the Online trading system within the period under review.

2.16.1. TRADING PERFORMANCE OF TMX

During the year under review, TMX facilitated the trade of commodities totaling 625,587.62 metric tonnes through the Online Trading System (OTS), marking a 1,189% increase from 48,552 metric tonnes in 2022/23. The value of traded commodities in 2023/24 amounted to TZS 4,004,723,225,382, representing a 3,454% increase from TZS 112,667,756,117 in the prior year. This growth in trading value is primarily due to the introduction of new commodities, including tea and soybeans, along with increased trading volumes for cocoa, sesame seeds, and coffee. Detailed information on the individual commodities traded is provided in Tables 9 to 13.

COCOA

For the financial year 2023/24, TMX traded a total of 2,958.20 MT of Cocoa, whereas 1,066 MT of Cocoa from Morogoro Region and 1303.68 MT from Mbeya Region.

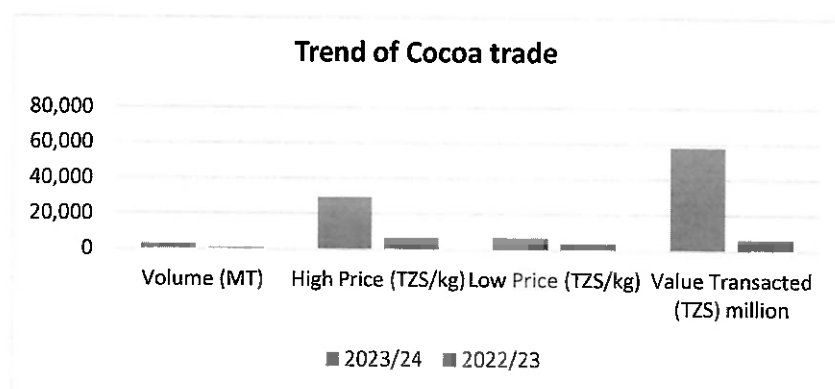


Table 9: Cocoa trade information

Description	2023/24	2022/23
Volume Traded (MT)	2,958.20	1,066
High Price (TZS/kg)	29,595	6,815

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

Low Price (TZS/kg)	7,005	3,725
Total Value Transacted (TZS)	58,278,094,532	6,421,916,060

SESAME SEEDS

For the financial year 2023/24, TMX traded Sesame Seeds from Morogoro, Ruvuma, Songwe, Lindi, Mtwara and Pwani Regions. The following table indicates Sesame Seeds trade information.

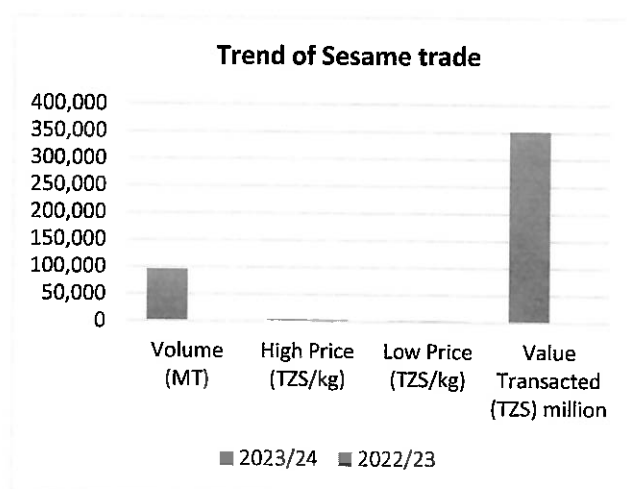
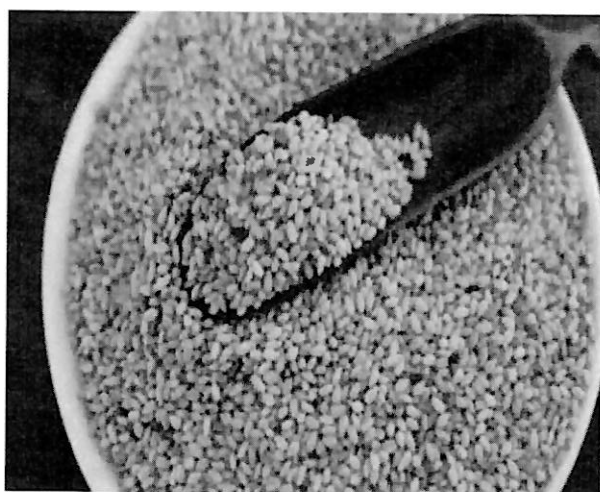


Table 10: Sesame seeds trade information

	2023/24	2022/23
Volume Traded (MT)	96,158	219
High Price (TZS/kg)	4,850	3,400
Low Price (TZS/kg)	2,910	2,887
Total Value Transacted (TZS)	351,918,401,700	651,377,061

COFFEE

In collaboration with Tanzania Coffee Board (TCB) TMX traded a total of 47,235.3 MT of Coffee in Kagera Region through OTS. TMX acknowledges the efforts and cooperation from TCB in line with the Ministry of Agriculture (MOA), Warehouse Receipt Regulatory Board (WRRB) and Tanzania Cooperative Development Commission (TCDC)

Table 11: Coffee Trade Information

2023/24					
Detail	Robusta	Robusta Certified	Robusta Clean	Arabica	Arabica Certified
Volume (Tonne)	22,225.43	12,966.29	0.38	569.86	257.72

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

Highest Price(TZS)	5,510	5,760	3,020	5,120	4,850
Lowest Price(TZS/Kg)	1,855	2,005	3,020	2,005	4,310
Value (TZS)	766,150,844,282	453,241,280,672	1,272,939	2,232,761,815	1,273,857,246

Source: TMX 2023/24 Trading results

2023/24					
Detail	Robusta	Robusta Certified	Robusta Clean	Arabica	Arabica Clean
Volume (Tonne)	32,696.05	13,699.95	76.53	764.34	0.28
Highest Price(TZS)	2,517	3,460	5,045	3,025	4,005
Lowest Price(TZS/Kg)	1,651	1,750	3,305	2,510	4,005
Value (TZS)	71,931,881,562	30,680,902,672	291,476,917	2,689,000,237	1,201,668

Source: TMX 2023/24 Trading

SOYBEAN

For the financial year 2023/24, TMX traded Soybeans from Ruvuma Region. The following table indicates Soybeans trade information.

Table 12: Soybeans Trade Information

	2023/24	2022/23
Volume Traded (MT)	821.74	0.00
High Price (TZS/kg)	1,430	0.00
Low Price (TZS/kg)	1205	0.00
Total Value Transacted (TZS)	1,218,108,116	0.00

Source: TMX 2023/24 Trading results

TEA

From various successful efforts and engagements, Tea trade was finally launched on the 13th November 2023 with participation of both domestic foreign and traders who buy teas for exports. With increased participation and traded volume, Tea trade stands at a good resilient position to grow



Controller and Auditor General

sustainably. For the financial year 2023/24, TMX traded Tea from Tanga and Njombe Region through OTS. The following table indicates tea trade information.

Table 13: Tea Trade Information

	2023/24	2022/23
Volume Traded (MT)	489,630	0.00
High Price (TZS/kg)	2,601	0.00
Low Price (TZS/kg)	1,366	0.00
Total Value Transacted (USD)	897,882,047	0.00

Source: TMX 2023/24 Trading Results

2.17. TMX ROLE IN PRICING MECHANISM

TMX plays a crucial role in the pricing mechanism of commodities by providing a transparent and regulated platform where supply and demand forces interact, influencing prices. Here's how TMX contributes to commodity pricing:

- **Market-Driven Pricing:** By facilitating trades on its Online Trading System (OTS), TMX allows prices to be determined openly, based on real-time demand and supply dynamics. This market-driven approach helps reduce price manipulation and allows fair price discovery for both buyers and sellers.
- **Standardization and Quality Control:** TMX sets quality standards and specifications for commodities traded on its platform. This standardization reduces variability and enhances trust in pricing, as participants are assured of the quality and consistency of commodities. This consistency allows for more accurate and stable pricing benchmarks.
- **Increased Market Access:** TMX provides broader market access by linking buyers and sellers who might otherwise have limited opportunities to trade. This wider participation increases market liquidity, which helps establish competitive prices that reflect the broader economic and supply-demand conditions.
- **Data and Market Information:** TMX generates and publishes data on trading volumes, prices, and trends. This transparency allows market participants to make informed decisions and reduces information asymmetry, which can lead to more accurate pricing aligned with market fundamentals.
- **Introduction of New Commodities:** By adding new commodities, like tea and soybeans, TMX expands the scope of the market, influencing the pricing for these commodities based on broader trading activity and competitive demand on the platform.

TANZANIA MERCANTILE EXCHANGE PLC

2.18. PLANNED AND ACTUAL PERFORMANCE

The direction of TMX for the coming years is to enhance adaptation of the state of art technology and improve operationalization of the Exchange. TMX strives to safeguard, maintain and sustain the success and dedicate more effort to mitigate challenges encountered during the implementation.

2.19. CURRENT AND FUTURE DEVELOPMENT PLAN

Through the online trading system TMX has succeeded to a great extent in trading commodities and is continuously upgraded based on the nature of a particular commodity. Currently commodities traded at TMX include Cocoa, Sesame, Soybean, Tea and Coffee. TMX plans to trade Chickpeas, Pigeon Peas and has engaged with minerals stakeholders to conduct value chain analysis for the purpose of trading precious stones through TMX.

During the period under review, The Exchange was not impacted with changes in the industry or external market environment.

Further to that, through the Ministry of Finance, The Exchange also has started the construction of a new office building to be located in Posta Dar es Salaam. The Ministry is in charge of financing and supervising the whole project. Initial construction stage which includes site clearance has already commenced in the financial year 2024/25.

2.20. STATEMENT ON KPI'S MEASUREMENT

The Exchange uses Key Performance Indicators (KPI) to measure the progress of various activities which form the basis to identify whether TMX annual objectives are met. They assist in verifying the effectiveness of strategic planning by tracking critical parameters. KPI's have provided targets for TMX to shoot for, milestones to gauge progress and insights that assist the Exchange to make better decisions. In accordance to good governance and service delivery.

Table 14: Performance review of the planned targets during the years

Planned Targets	Main Achievement	Achievement (%)
1. To conduct awareness campaigns and facilitate voluntary testing and medical counselling of HIV/AIDS to 21 staff by June, 2024	TMX conducted awareness campaign on HIV /AIDS to 17 staffson 23.02.2024	75
2. To facilitate Trade Fair Exhibitions by June, 2024	During the year TMX participated numerous Trade Exhibitions with the purpose of creating Public awareness. • TMX participated in the Sabasaba trade fair exhibition that was held at the Mwl. J. K. Nyerere Trade Fair Grounds.	85

TANZANIA MERCANTILE EXCHANGE PLC

Planned Targets	Main Achievement	Achievement (%)
	<ul style="list-style-type: none"> • TMX also participated the Nanenane Day Festival at the John Mwakangale grounds that was held at Mbeya Region • In November 2023, TMX participated in the exhibition known as "Wiki ya Huduma za Fedha" that was held at the grounds of Sheikh Amri Abed, in Arusha. • TMX also participated in the Zanzibar state-of-the-art international trade fair, held between January 07 - 19, 2024. 	
3. To upgrade, maintain and support ICT platform annually by June, 2024	<p>TMX has continuously upgraded the ICT platform to accommodate various commodities traded throughout the year.</p> <ul style="list-style-type: none"> • TMX upgraded the OTS to accommodate the testing of minerals trading. This was implemented after the business process study conducted in collaboration with the Mining Commission. • In Livestock, TMX engaged with MNOs and Financial Institutions to review the best model for payment aspect to be incorporated on the Trading Platform. OTS upgrade was done to accommodate maiden trade in Mwanza through the BBT Youth Initiative and Auction centers in Arusha and Kilimanjaro where 88 livestock were traded in the system. • TMX has maintained the Online Trading System that has been used in trading other commodities such as Cocoa, Tea, Sesame seeds and Green grams. 	75
4. To disseminate information regarding trades through marketing channels like Price tickers and mobile applications (push up SMS) by June, 2024.	<p>Three electronic display units have already been installed which include two indoor units and one outdoor unit.</p> <p>TMX is also preparing content on market information's that will be used on the displays.</p>	75
5. To administer trading of commodities by June, 2024.	For the Financial Year 2023/24 TMX traded Coffee, Tea, Cocoa, Soy beans and Sesame. Livestock maiden trade was also conducted.	80
6. To conduct workshops, meetings, seminars to various stakeholders on commodity exchange operations by 30 June, 2024.	TMX during the financial year 2023/24 conducted several workshops, meetings and seminar to various stakeholders on commodity exchange operations.	75

Source: TMX Annual Performance Report 2024

2.21. STATEMENT OF CORPORATE GOVERNANCE

TMX has complied with principles and codes of best practice and were applied throughout the year under review under consideration of the national objective on Good Governance which insist positive effect on various aspects of the Government including compliance and practices, procedures, service quality protocols and office conduct, role clarification and good working relationship.

2.22. DIRECTORS' INTERESTS

No Director of the Exchange has a personal interest in the operations of TMX.

2.23. COMPLIANCE WITH LAWS AND REGULATIONS

In performing the activities of the corporation, various laws and regulations having an impact on the exchange operations were observed.

2.24. RELATED PARTY TRANSACTIONS AND BALANCES

The transactions made during the year are in respect of the amount spent on personnel emoluments for the key management staff of the Exchange. Details of related party transactions and balances are provided under Note 22.

2.25. POLITICAL AND CHARITABLE DONATION

During the year 2023/24, there were two charitable donations with a total of TZS 5,000,000 as shown below; No Political donation was made in 2023/24.

Table 15: Political and Charitable Donations

Description	Amount TZS
Catastrophic event	3,000,000
National Sport Team	2,000,000
Total	5,000,000

Source: TMX Payment vouchers 2023/24

Description	Amount
Catastrophic event	3,000,000
National Sport Team	2,000,000
Total	5,000,000

Source: TMX Payment vouchers 2023/24

Description	Amount
Catastrophic event	3,000,000
National Sport Team	2,000,000
Total	5,000,000

Source: TMX Payment vouchers 2023/24

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

Description	Amount
Catastrophic event	3,000,000
National Sport Team	2,000,000
Total	5,000,000

Source: TMX Payment vouchers 2023/24

2.26. EMPLOYEES WELFARE Employee Relationship

TMX management and staff enjoy a friendly and effective organizational environment accruing from the leadership direction and support of the Exchange's management. The management and staff relationship for the financial year 2023/24 was generally healthy.

Health Contribution

The Exchange offers a wide range of benefits to ensure present and future fundamental needs are met to its employees. Benefits offered include health/medical where by the Exchange supports medical expenses to employees by providing support on medical insurance (National Health Insurance Fund-NHIF). For the financial year 2023/24 the Exchange incurred an expense of TZS 44,098,395.60 (2022/23: TZS 20,869,494) towards medical insurance coverage for the staff.

Retirement Fund / Defined Benefit

Further to that, the Exchange supports its employees with a pension scheme that will assist in maintaining a healthy living standard upon retirement. TMX submits monthly contributions to PSSSF for employee's future benefit upon retirement or termination. For the financial year 2023/24 the Exchange incurred an expense of TZS 146,994,652 (2022/23: TZS 104,347,470) towards the PSSSF pension scheme.

Persons with disabilities

The Exchange is an equal opportunity employer. Disability would not prevent a person with the requisite academic qualifications, experience and competence from being employed by TMX. TMX had no disabled employees until 30th June 2024 (2022/23: None).

2.27. GENDER PARITY

As at 30 June 2024 TMX had 21 employees as shown within the table below;

Table 16: Gender Parity

Gender	2024	2023
Male	13	12
Female	8	8
Total	21	20

Source: TMX Payroll

2.28. SOLVENCY EVALUATION

The board confirms that financial statements follow applicable accounting standards, and nothing has come to the attention of the Directors to indicate that the Exchange will not remain a going concern for the foreseeable future from the date of this report.

2.29. RISK MANAGEMENT AND INTERNAL CONTROL

The Exchange is vested with the overall responsibility for risk management and internal control system of the company. Further, the management of the company is responsible for ensuring that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- (i) The effectiveness and efficiency of operations;
- (ii) Safeguarding of the Exchange's assets;
- (iii) Compliance with applicable laws and regulations;
- (iv) The reliability of accounting records;
- (v) Responsible behaviors towards all stakeholders.
- (vi) Business sustainability under normal as well as adverse conditions and
- (vii) Business Continuity

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of noncompliance of such measures by staff. No system of internal control can provide absolute assurance against misstatement or losses; the Exchange's system is designed to provide the Exchange with reasonable assurance that the procedures in place are operating effectively.

Value-for-money efficiency has been obtained throughout the period as a result of implementing an effective internal control system.

2.30. PREJUDICIAL ISSUES

In the opinion of the Directors, there are no prejudicial issues that may affect the Exchange.

2.31. ACCOUNTING POLICIES

TMX has prepared and presented its financial statements in compliance with IPSAS. The Company adhered to the pronouncement on the preparation and presentation of financial statements in accordance with IPSAS Accrual Basis issued by the International Public Sector Accounting Standard Board (IPSASB), National Board of Accountants and Auditors (NBAA) and other legal provisions. A summary of key accounting policies is provided in the notes to financial statements. The policies have consistently been applied by the board throughout the reporting period.

2.32. SUSTAINABILITY

Institutions may from time to time set goals in relation to environmental, social and governance.

2.33. EVENTS AFTER REPORTING PERIOD

At the signing of the financial statements, there is no other matter or circumstances that need to be disclosed arising since the reporting date, not otherwise dealt with in the financial statements which significantly affect the financial position of the Exchange and the results of operations.

2.34. STATEMENT OF COMPLIANCE

The report by Those Charged with Governance has been prepared in compliance with the new Tanzania Financial Reporting Standards No. 1 (TFRS 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021.

2.35. RESPONSIBILITIES OF THE AUDITOR

The Auditor, The Controller and Auditor General (CAG), has a statutory responsibility to report to the shareholders and stakeholders as to whether, in his opinion, the financial statements of the Exchange present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSASs) and the Tanzania Financial Reporting Standard (TFRS 1).

2.36. STATUTORY AUDITORS

The Controller and Auditor General is the Statutory Auditor for Tanzania Mercantile Exchange PLC, by virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (Amended 2005) and Sections 30-33 of the Public Audit Act No. Cap 418. However, in accordance with Section 33 of the Act, M/S INNOVEX Auditors was authorized to carry out the audit of the Exchange Financial Statements for the financial year ended 30 June 2024 on behalf of The Controller and Auditor General.

BY ORDER OF THE BOARD



Dr. Florence Martin Turuka
Board chairman

Date: 21st March 2025

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Commodity Exchanges Act 2015 requires TMX to prepare financial statements for each financial year in accordance with the financial reporting standards prescribed by the National Board of Accountants and Auditors that give a true and fair view of the state of affairs of the Exchange as at the end of the financial year and of its surplus or deficit for the year. It also requires the directors to ensure that the TMX keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the TMX. They are also responsible for safeguarding the assets of the TMX and hence taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accruals Basis of Accounting and the requirements of the Commodity Exchanges Act 2015.

Nothing has come to the attention of the directors to indicate that the Exchange will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by;



Dr. Florence Martin Turuka
Chairman of the Board

Date: 21st March 2025


4.D DECLARATION OF THE HEAD OF FINANCE

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

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Public Sector Accounting Standards (IPSAS) Accruals Basis of Accounting and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under the Directors Responsibility statement on an earlier page.

I, **Mlimbila Job Kibiki**, being the Head of Finance of Tanzania Mercantile Exchange (TMX) hereby acknowledge my responsibility of ensuring that financial statements of the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view of Tanzania Mercantile Exchange (TMX) as on that date and that they have been prepared based on properly maintained financial records.

Signature: 

Mlimbila Job Kibiki
Position: Head of Finance
NBAA Membership No: GA.6725

Date: 21st March 2025


TANZANIA MERCANTILE EXCHANGE PLC

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 TZS	Restated 30 June 2023 TZS
ASSETS			
Current assets			
Cash and cash equivalents	14	4,591,846,196	1,227,223,288
Receivables from exchange transactions	15	272,907,345	-
Prepayments	16	2,480,874	-
Total current assets		4,867,234,415	1,227,223,288
Non-current assets			
Property and equipment	20	544,341,321	661,210,911
Intangible assets	21	61,363,160	73,670,620
Total non-current assets		605,704,481	734,881,531
TOTAL ASSETS		5,472,938,896	1,962,104,819
LIABILITIES			
Current liabilities			
Payables and accruals from exchange transactions	18	149,042,905	146,155,916
Deposits	17	4,180,370,833	110,497,265
Total current liabilities		4,329,413,738	256,653,181
NET ASSETS		1,143,525,158	1,705,451,638
NET ASSETS/EQUITY			
Capital contributed by:			
Share capital	25	4,500,000,000	4,500,000,000
Accumulated deficit		(3,356,474,842)	(2,794,548,362)
TOTAL EQUITY		1,143,525,158	1,705,451,638

Notes on page 35 to 68 form part of the financial statements which were approved by the board of directors and signed on its behalf by:


Dr. Florence Martin Turuka
Chairman of the Board


Godfrey Malekano
Chief Executive Officer

Date: 21st March 2025

TANZANIA MERCANTILE EXCHANGE PLC

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/24 TZS	Restated 2022/23 TZS
REVENUE			
Revenue from exchange transactions	5	452,959,417	172,558,609
Government subvention	6	1,323,000,000	1,038,333,333
TOTAL REVENUE		1,775,959,417	1,210,891,942
EXPENSES AND TRANSFERS			
Wages, salaries and employee benefits	7	1,162,815,055	1,009,605,596
Use of goods and service	8	792,166,373	604,328,730
Maintenance expenses	9	8,661,278	15,621,807
Loss on foreign currency transaction	12	192,222	-
Impairment of receivables	10	-	34,463,939
Other expenses	11	139,017,503	200,158,604
Expected credit loss	13	86,556,416	8,844,886
Depreciation expense	20	116,869,590	116,869,590
Amortization expense	21	21,607,460	14,742,460
		2,327,885,897	2,004,635,612
Transfers			
Other transfers	19	10,000,000	-
TOTAL EXPENSES AND TRANSFERS		2,337,885,897	2,004,635,612
DEFICIT		(561,926,480)	(793,743,670)

Notes on page 35 to 68 form part of the financial statements which were approved by the board of directors and signed on its behalf by:



Dr. Florence Martin Turuka
Chairman of the Board



Godfrey Malekano
Chief Executive Officer

Date: 21st March 2025

TANZANIA MERCANTILE EXCHANGE PLC

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

	Share capital TZS	Accumulated deficit TZS	Total equity TZS
At 1 July 2023 (Restated)	4,500,000,000	(2,794,548,362)	1,705,451,638
Deficit for the year	-	(561,926,480)	(561,926,480)
At 30 June 2024	<u>4,500,000,000</u>	<u>(3,356,474,842)</u>	<u>1,143,525,158</u>
At 1 July 2022			
As previously reported	4,500,000,000	(2,575,765,382)	1,924,234,618
Prior year adjustments (Note 27)	-	574,960,690	574,960,690
As restated	4,500,000,000	(2,000,804,692)	2,499,195,308
Deficit for the year	-	(793,743,670)	(793,743,670)
At 30 June 2023	<u>4,500,000,000</u>	<u>(2,794,548,362)</u>	<u>1,705,451,638</u>

Notes on page 35 to 68 form part of the financial statements which were approved by the board of directors and signed on its behalf by:



Dr. Florence Martin Turuka
Chairman of the Board



Godfrey Malekano
Chief Executive Officer

Date: 21st March 2025

TANZANIA MERCANTILE EXCHANGE PLC

5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		2023/24	2022/23
	Notes	TZS	TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Subvention from the government	6	1,323,000,000	1,038,333,333
Revenue from exchange transactions	28	180,052,072	172,558,609
Increase in deposits	17	4,069,873,569	-
Total receipts		5,572,925,641	1,210,891,942
<i>Payments</i>			
Wages, salaries and employee benefits	29A	1,144,815,055	1,011,425,597
Use of goods and service	29B	807,279,385	566,842,614
Other transfers	19	10,000,000	-
Other expenses	29C	141,498,377	196,918,604
Maintenance expenses	9	8,661,278	15,621,808
Decrease in deposits	17	-	27,763,279
Total payments		2,112,254,095	1,818,571,902
Net cash flows generated from operating activities		3,460,671,546	(607,679,960)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangibles	21	(9,300,000)	(36,600,000)
Net cash flows used in investing activities		(9,300,000)	(36,600,000)
Net increase/(decrease) in cash and cash equivalents		3,451,371,546	(644,279,960)
Effect of foreign currency changes		(192,222)	-
Cash and cash equivalents at beginning of year		1,236,068,174	1,880,348,134
Cash and cash equivalents at end of year	14	4,687,247,498	1,236,068,174

Notes on page 35 to 68 form part of the financial statements which were approved by the board of directors and signed on its behalf by:



Dr. Florence Martin Turuka
Chairman of the Board



Godfrey Malekano
Chief Executive Officer

Date: 21st March 2025

TANZANIA MERCANTILE EXCHANGE PLC

5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Budget	Reallocations/a djustments	Final budget [A] TZS	Actual on comparable basis [B] TZS	Difference [A-B] TZS	Notes
Revenue						
Subvention	2,970,000,000	-	2,970,000,000	1,323,000,000	1,647,000,000	A
Revenue from exchange transactions	979,150,118	-	979,150,118	180,052,072	799,098,046	B
Total revenue	<u>3,949,150,118</u>	<u>-</u>	<u>3,949,150,118</u>	<u>1,503,052,072</u>	<u>2,446,098,046</u>	
Expenses						
Wages, salaries and employee benefits	1,337,943,518	(81,240,000)	1,256,703,518	1,144,815,055	111,888,463	C
Use of goods and service	877,406,600	84,140,000	961,546,600	807,279,385	154,267,215	D
Other transfers	20,000,000	-	20,000,000	10,000,000	10,000,000	E
Other expenses	703,800,000	(2,900,000)	700,900,000	141,498,377	559,401,623	F
Maintenance expenses	1,010,000,000	-	1,010,000,000	8,661,278	1,001,338,722	G
Acquisition of intangibles	-	-	-	9,300,000	(9,300,000)	H
Total expenses	<u>3,949,150,118</u>	<u>-</u>	<u>3,949,150,118</u>	<u>2,121,554,095</u>	<u>1,827,596,023</u>	
Deficit				<u>(618,502,023)</u>	<u>618,502,023</u>	



Dr. Florence Martun Turuka
Chairman of the Board



Godfrey Malekano
Chief Executive Officer

Date: 21st March 2025

TANZANIA MERCANTILE EXCHANGE PLC

Notes:

- (a) Budget is prepared on cash basis and falls between 01 July 2023 and 30 June 2024.
- (b) Explanations notes are disclosed under Note 26.

5.6 SIGNIFICANT ACCOUNT POLICIES AND DISCLOSURES

1. GENERAL INFORMATION

Tanzania Mercantile Exchange PLC (TMX) is a commodity exchange platform incorporated on 25 August 2014 to perform the business of a commodity exchange in Tanzania. The Exchange was established as a public private partnership company. Shareholders of the Exchange are the Treasury Registrar (67%), TIB Development Bank (11%) and Public Social Service Security Fund PSSSF (22%). TMX is licensed and regulated by Capital Market and Securities Authority in accordance with the Commodities Exchanges Act of 2015.

The Government of Tanzania through TMX can improve efficiency of marketing through on-line trading in dematerialization form, improve facilities for structured finance due to availability of a reliable market, developing and implementation of hedging needs and promoting awareness about spot and future trading services of TMX across the length and breadth of the country.

Tanzania Mercantile Exchange is located at

4th Floor, PSSSF Millennium Tower II, Bagamoyo Rd,
P O Box 31632,
Dar es Salaam, Tanzania.

2. BASIS OF PREPARATION

Financial statements for the year ended 30 June 2024 have been prepared in accordance with Accrual Basis International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

These financial statements are presented in Tanzanian Shillings (TZS).

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED

(a) Revenue recognition

The Exchange recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Exchange's activities as described below.

The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Exchange bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

i. Government subsidies and grants

Revenues from non-exchange transactions with the government are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Exchange and can be measured reliably as per IPSAS 23 Revenue from Non-Exchange Transactions.

(b) Revenue from exchange transactions

According to IPSAS 9 - Revenue from Exchange Transactions, this includes the gross inflow of economic benefits or services potential during the reporting period when those inflows result in an increase in net asset/equity, other than increases relating to contributions from owners.

(c) Cash and cash equivalents

These comprise cash on hand, deposits held on call and FDR with a maturity not exceeding 90 days. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above but excludes restricted cash balances.

(d) Financial assets

Financial assets within the scope of IPSAS 41 Financial Instruments:

Financial instruments recognition

The Entity recognizes financial instruments when it becomes party to the contractual provisions.

Financial assets .

Initial and Subsequent Measurement

Financial assets are initially measured at fair value and subsequently measured as per following criteria:

- i. The management model within which the Financial Asset is held.
- ii. The characteristics of contractual cash flows are solely payments of Principal and Interest.

Classification of Financial Assets

Classification is based on the criteria mentioned above, as a result the following classes of financial instruments arise namely;

- Financial assets at Amortized Cost,

- Financial asset at Fair Value through Net asset/ Equity, and
- Financial asset at Fair Value through Surplus or Deficit.

Derecognition financial assets

The Entity derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expire; or
- It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(e) Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities are derecognized when extinguished.

De-recognition

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

(f) Property and equipment

As per IPSAS 17 Property, Plant and Equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Exchange and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial year in which they are incurred.

Depreciation rates are as per review of useful life

Office equipment	10 years
Motor vehicle	10 years

Office furniture and fittings 10 years

Depreciation of property and equipment is calculated using the straight-line method to reduce the revalued amount of each asset to its residual value over its expected useful economic life. From the review done, depreciation for the year is charged in consideration of the asset condition. The useful lives, which have been applied in the year under review are as under. Depreciation is charged on assets from the date when they are ready for use and ceases on the date when the asset is derecognized by the Exchange.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are charged to the statement of financial performance.

(g) Intangible assets

Cost associated with developing or maintaining computer software programmers are recognized as an expense as incurred. Cost that are directly associated with identifiable and unique software product that the exchange controls and that will probably generate economic benefits exceeding cost beyond one year are recognized as intangible assets. Direct cost includes the software development team's staff costs, and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the performance of computer software programmers beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of amortization, which has been consistently applied, is 5 years. The amortization period and the amortization method for an intangible asset are reviewed from time to time by the management.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the Statement of Financial Performance. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(h) Comparatives

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

(i) Receivables from exchange transactions

Account receivables are recognized initially at original invoice amount. Account receivables are measured at cost less the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate, or where more appropriate, at the interest rate that the Exchange would have to pay to finance such receivables

(j) Payables from exchange transactions

Account payables are recognized in the balance sheet at a cost pertaining to the credit amount. These are associated with either the purchase of goods or services on credit or when trade sellers have deposited security deposit not expected to be used as part of settlement funds.

(k) New and revised IPSAS mandatorily effective at the end of the reporting period

The following were the new or revised IPSAS which were mandatorily effective and adopted by the Exchange as at the end of the reporting period.

IPSAS	Improvements/details of the new standards
IPSAS 41, Financial Instruments	<p>IPSAS 41 improves financial reporting for financial instruments, by: Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.</p> <p>Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</p> <p>Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p>Effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.</p>

TANZANIA MERCANTILE EXCHANGE PLC

IPSAS	Improvements/details of the new standards
IPSAS 42, Social Benefits	<p>The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p> <p>It seeks to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:</p> <p>Recognizing expenses and liabilities for social benefits; Measuring expenses and liabilities for social benefits. Presenting information about social benefits in the financial statements; and Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity</p> <p>Effective for annual periods beginning on or after 1 January 2022.</p>

(l) Standards and interpretations in issue but not yet effective

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. The Exchange has not yet assessed the impact of these changes on their financial statements when they become effective.

IPSAS	Improvements/details of the new standards
IPSAS 43, Leases	<p>While the IPSASB has retained the IPSAS 13's finance lease/operating lease distinction for lessors, the distinction is no longer relevant for lessees. All lease contracts, including rental contracts, will be recognized on the statement of financial position of the lessees, with some exceptions in limited circumstances.</p> <p>For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.</p> <p>IPSAS 43 will replace IPSAS 13 for reporting periods beginning on or after 1 January 2025 with a retrospective application by default.</p>

TANZANIA MERCANTILE EXCHANGE PLC

IPSAS	Improvements/details of the new standards
IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations	<p>IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:</p> <p>Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.]</p> <p>IPSAS 44 will be effective for reporting periods beginning on or after 1 January 2025.</p>

(m) **IPSAS 41 Financial Instruments**

Effective 1 July 2023, the Exchange adopted IPSAS 41: Financial instruments which was issued in August 2018. The Standard replaced IPSAS 29: Financial instruments: recognition and measurement and substantially improves the relevance of information for financial assets and financial liabilities by introducing:

There has been a change in accounting policies from IPSAS 29 to IPSAS 41 on the classification and measurement model for financial assets. The exchange has complied with the new standard although due to the fact that IPSAS 41 expected credit loss requires an entity or institution to have at least 5 years historical data so as to obtain accurate loss projections. IPSAS 41 AG216 Historical information is a major anchor or base from which to measure expected credit losses. TMX has less historical information on receivables hence it becomes difficult to obtain accurate expected credit loss information which may also be shared for public use.

The adoption of IPSAS 41 has no change on the classification and measurement of the financial liabilities of the Exchange.

The impact in the financial statement of the adoption of IPSAS 41 is disclosed under Note 14 and 23(a) of cash and cash equivalents and financial risk management respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors, requires the use of certain critical accounting estimates and judgments. Such estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

TANZANIA MERCANTILE EXCHANGE PLC

(a) Critical accounting estimates and assumptions

The Exchange makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year are addressed below.

(b) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment and their residual values. The rates used are set out in Note 3 (g) above.

(c) Critical judgements

In the process of applying the Exchange's accounting policies, management has made judgments in determining whether assets are impaired. None of the assets was determined to be impaired

5.7 NOTES TO THE FINANCIAL STATEMENTS

	2023/24 TZS	2022/23 TZS
5 REVENUE FROM EXCHANGE TRANSACTIONS		
Transaction fees	382,410,631	35,410,800
Interest income from call account	65,306,011	136,154,809
Miscellaneous receipts	5,242,775	993,000
	<u>452,959,417</u>	<u>172,558,609</u>
6 SUBVENTION FROM THE GOVERNMENT		
Subvention for other charges	<u>1,323,000,000</u>	<u>1,038,333,333</u>
7 WAGES, SALARIES AND EMPLOYEE BENEFITS		
Civil servants	906,719,808	877,911,654
Electricity	12,398,535	9,780,000
Extra-duty allowance	20,120,000	180,000
Burial expenses	-	2,250,782
Housing allowance	49,340,892	31,890,000
Fuel allowance	30,205,000	-
Internship allowance	12,300,000	-
Leave travel	59,710,820	57,083,160
Moving expenses	16,910,000	-
Professional allowances	700,000	-
Motor vehicles allowance	-	13,729,500
Sitting allowance	54,410,000	16,780,500
	<u>1,162,815,055</u>	<u>1,009,605,596</u>

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

	2023/24	2022/23
	TZS	TZS
8 USE OF GOODS AND SERVICE		
Advertising and publication	9,300,000	4,530,000
Air travel tickets travel in-country	9,607,360	15,420,000
Air travel tickets travel out of country	3,100,000	-
Cleaning supplies - use of goods and services	150,000	-
Computer supplies and accessories	3,565,000	-
Conference facilities	4,540,000	21,000,000
Diesel	37,968,449	22,277,332
Electricity	37,968,553	25,191,011
Exhibition, festivals and celebrations	24,301,785	30,723,000
Educational radio and TV broadcasting programming	8,900,000	-
Food and refreshments	5,789,100	4,191,500
Ground travel (Bus, railway, taxi, etc.)	29,091,400	20,434,004
Internet and email connections	27,760,830	1,606,000
Mobile charges	41,200,000	40,550,000
Office consumables (papers, pencils, pens and stationery)	8,836,560	5,151,600
Per diem domestic	264,883,000	94,025,736
Per Diem - Foreign	8,171,225	-
Petrol	-	29,000,000
Printing and photocopying costs	1,200,000	-
Publicity	3,732,000	-
Rent - Office accommodation	224,196,696	213,608,587
Subscription fees	22,193,415	16,923,960
Technical service fees	450,000	37,287,000
Tuition fees training - Domestic	11,796,000	21,205,000
Uniforms and ceremonial dresses	-	1,000,000
Uniforms -Clothing, bedding, footwear and services	3,305,000	204,000
Visa application fees	160,000	-
	<u>792,166,373</u>	<u>604,328,730</u>
9 MAINTENANCE EXPENSES		
Panel and body shop repair materials and services	<u>8,661,278</u>	<u>15,621,807</u>

TANZANIA MERCANTILE EXCHANGE PLC

	2023/24 TZS	2022/23 TZS
10 IMPAIRMENT OF RECEIVABLES		
Impairment of receivables (Note 14)	-	34,463,939
11 OTHER EXPENSES		
Audit fees	41,000,000	41,000,000
Agency fees	500,000	-
Bank charges and commissions	7,485,976	15,412,451
Consultancy fees	4,000,000	18,693,200
Director's fee (Note 22)	82,000,000	81,050,000
Insurance expenses	2,756,527	-
Sundry expenses	1,275,000	44,002,953
	<u>139,017,503</u>	<u>200,158,604</u>
12 LOSS ON FOREIGN CURRENCY TRANSACTION		
Foreign exchange differences (Losses) - Monetary	<u>192,222</u>	-
	30 June 2024 TZS	Restated 30 June 2023 TZS
13 EXPECTED CREDIT LOSS		
Expected Credit Loss (Note 14)	<u>86,556,416</u>	<u>8,866,795</u>
14 CASH AND CASH EQUIVALENTS		
Consultancy and special funds	150,000	150,000
Deposit Account USD	235,316	-
Deposit general cash account	4,289,356,027	111,284,132
Own Source collection account - TCB	340,726,581	1,120,132,362
Recurrent expenditure cash account	56,779,574	4,501,680
	<u>4,687,247,498</u>	<u>1,236,068,174</u>
Provision for ECL cash	(95,401,302)	(8,844,886)
	<u>4,591,846,196</u>	<u>1,227,223,288</u>

Own source collection account is a call account with Tanzania Commercial Bank and receives monthly interest.

Deposit accounts are limited to receiving trade payments from respective commodity buyers

TANZANIA MERCANTILE EXCHANGE PLC

and disbursing payments to commodity sellers. In addition to that they include TZS 4,180,370,834 (2023/24) of funds not available for use. TZS 110,497,265 (2022/23) for the corresponding period.

The table below shows the analysis of changes in ECL allowance amount of the cash and cash equivalents as at 30 June 2024:

	2023/24 TZS	Restated 2022/23 TZS
Movement of impairment of cash and cash equivalents		
At 1 July	8,844,886	-
ECL charge for the year	86,556,416	8,844,886
At 30 June	<u>95,401,302</u>	<u>8,844,886</u>
	2023/24 TZS	2022/23 TZS
15 RECEIVABLES FROM TRANSACTIONS		
Trade receivables from market players	343,241,914	70,334,569
Impairment of receivables	<u>(70,334,569)</u>	<u>(70,334,569)</u>
	<u>272,907,345</u>	<u>-</u>
Movement on impairment of receivables		
Opening balance	70,334,569	35,870,630
Impairment charge (Note 10)	-	34,463,939
Closing balance	<u>70,334,569</u>	<u>70,334,569</u>
16 PREPAYMENTS		
Insurance prepayment	<u>2,480,874</u>	<u>-</u>
17 DEPOSITS		
Deposit general (Clearing and Settlement)	<u>4,180,370,833</u>	<u>110,497,265</u>

These are all transactions/funds received and paid within TMX Settlement bank accounts pertaining to commodity exchange business. This also includes trader's security deposits which is part of the Exchange requirement for one to obtain access to the TMX online trading. Deposit general in the year ended 30 June 2024 has increased compared to the previous year, this is due to that TMX has received more trade buyers security deposits and also temporarily received funds on behalf of COPRA.

TANZANIA MERCANTILE EXCHANGE PLC

	TZS	TZS
18 PAYABLES AND ACCRUALS FROM EXCHANGE TRANSACTIONS		
Other statutory payables	-	260,000
Staff claim	18,000,000	-
Supplies of goods and services	3,830,048	-
Provision for audit fees	41,000,000	41,000,000
Payables due to other regulatory bodies	67,529,800	67,529,800
Rent payable	18,683,057	37,366,116
	<u>149,042,905</u>	<u>146,155,916</u>
19 OTHER TRANSFERS		
Contribution to Consolidated Fund (15%)	5,000,000	-
Corporate Social Responsibilities (CSR)	5,000,000	-
	<u>10,000,000</u>	<u>-</u>

20. PROPERTY AND EQUIPMENT

	Office equipment TZS	Motor vehicles TZS	Office furniture and fittings TZS	Total TZS
Cost				
At 1 July 2023	931,521,264	163,715,910	176,455,485	1,271,692,659
At 30 June 2024	931,521,264	163,715,910	176,455,485	1,271,692,659
Accumulated depreciation				
At 01 July 2023 (As restated)	484,076,192	63,985,635	62,419,922	610,481,749
Charge for the year	93,057,592	11,460,114	12,351,884	116,869,590
At 30 June 2024	577,133,784	75,445,749	74,771,806	727,351,339
Carrying amount				
As at 30 June 2024	354,387,480	88,270,161	101,683,679	544,341,320

The carrying value of the motor vehicles above does not include the value of the vehicle from Capital Market and Securities Agency (CMSA).

TANZANIA MERCANTILE EXCHANGE PLC

PROPERTY AND EQUIPMENT (30 June 2023)

	Office equipment TZS	Motor vehicles TZS	Office furniture & fittings TZS	Total TZS
Cost				
As at 1 July 2022	931,521, 264	163,715, 910	176,455,4 85	1,271,692, 659
As at 30 June 2023	<u>931,521, 264</u>	<u>163,715, 910</u>	<u>176,455,4 85</u>	<u>1,271,692, 659</u>

Depreciation

As at 01 July 2022				
As previously stated	864,564, 502	114,601, 137	89,407,21 1	1,068,572, 850
Prior year adjustment (Note 31)	(473,545 ,902)	(62,075, 616)	(39,339,17 3)	(574,960,6 91)
Restated	<u>391,018, 600</u>	<u>52,525,5 21</u>	<u>50,068,03 8</u>	<u>493,612,1 59</u>
Charge for the year	93,057,5 92	11,460,1 14	12,351,88 4	116,869,5 90
As at 30 June 2023	<u>484,076, 192</u>	<u>63,985,6 35</u>	<u>62,419,92 2</u>	<u>610,481,7 49</u>

Carrying amount

As at 30 June 2023	<u>447,445 ,072</u>	<u>99,730, 275</u>	<u>114,035, 563</u>	<u>661,210, 910</u>
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The carrying value of the motor vehicles above does not include the value of the vehicle from CMSA.

21. INTANGIBLE ASSETS

	OTS System TZS
Cost	
As at 1 July 2023	107,262,300
Additions	9,300,000
As at 30 June 2024	<u>116,562,300</u>

TANZANIA MERCANTILE EXCHANGE PLC

Amortization

As at 1 July 2023	33,591,680
Amortization charge	21,607,460
As at 30 July 2024	<u>55,199,140</u>
Net book value as at 30 June 2024	<u>61,363,160</u>

During the year under audit, TMX engaged in the upgrade of the Online Trading System (OTS). The system aims to create trust and transparency through aggressive market data dissemination to all market actors, through clearly defined rules of trading, payments and delivery and business conduct. TMX has capitalized an amount of TZS 9,300,000 which were the costs used in the development of the OTS as addition to the cost of the Online Trading System for period ended 30 June 2024.

The entity amortizes the intangible assets over a five-year period **INTANGIBLE ASSETS (30 June 2023)**

	OTS System TZS
Cost	
As at 1 July 2022	70,662,300
Additions	36,600,000
As at 30 June 2023	<u>107,262,300</u>
Amortization	
As at 1 July 2022	18,849,220
Amortization charge	14,742,460
As at 30 July 2023	<u>33,591,680</u>
Net book value as at 30 June 2023	<u>73,670,620</u>

During the year under audit, TMX engaged in the upgrade of the Online Trading System (OTS). The system aims to create trust and transparency through aggressive market data dissemination to all market actors, through clearly defined rules of trading, payments and delivery and business conduct. TMX has capitalized an amount of TZS 36,000,000 which were the costs used in the development of the OTS as addition to the cost of the Online Trading System for period ended 30 June 2023.

The entity amortizes the intangible assets over a five-year period.

22. RELATED PARTY TRANSACTIONS AND BALANCES

TMX is governed by the Board of Directors whose members are entitled to payment of TZS 3,000,000 for the Chairman and TZS 2,500,000 for other members quarterly. The information of board members during the year under review is shown on page 10 of the report.

Transactions and balances with related parties are as follows:

Key management remuneration

Key management are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly, including directors of the Exchange. The compensation paid or payable to key management for employees' services is as follows:

	2023/24 TZS	2022/23 TZS
a) Transactions during the year		
i) Key management compensation		
Salaries and other short-term benefits	429,200,000	412,776,000
Defined contribution plan	64,380,000	61,986,400
	<u>493,580,000</u>	<u>474,762,400</u>
ii) Board of Directors		
Directors' fees	<u>82,000,000</u>	<u>81,050,000</u>

b) Balances with related parties

There were no balances with related parties as at 30 June 2024 (2023: Nil)

23. FINANCIAL RISK MANAGEMENT

The Exchange's activities expose it to a variety of financial risks, including trading risk and political risk. The Exchange's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Exchange's Audit, Finance and Administration Committee through its Internal Audit made up of senior management is responsible for developing and monitoring the Exchange's risk management policies which are established to identify and analyze the risks faced by the Exchange, to set appropriate risk limits and controls, and to monitor risks and adherence to

TANZANIA MERCANTILE EXCHANGE PLC

limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Exchange's activities.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. Further risk arises from exposure to customers including outstanding receivables. Thus mitigates the credit risk associated with its operations.

The Exchange manages the risks it is exposed to as follows;

There are no significant concentrations of credit risks within receivables or cash and cash at bank. There are no amounts relating to credit risk that are overdue but not impaired or individually determined to be impaired. No collateral is held for any of the financial assets.

	Neither past due not impaired TZS	Past due but not impaired TZS	Past due and impaired TZS
As at 30 June 2024			
Cash and cash equivalents	4,687,247,498	-	-
Receivables	272,907,345	-	-
	<u>4,960,154,843</u>	<u>-</u>	<u>-</u>
As at 30 June 2023			
Cash and cash equivalents	1,236,068,174	-	-
Receivables	-	-	1,236,068,174
	<u>1,236,068,174</u>	<u>-</u>	<u>1,236,068,174</u>

Expected Credit Loss

In addition to that, the Exchange also accounts for Expected credit loss as per IPSAS 41 for cash available at bank for current and corresponding year. Detailed computation is shown below.

The maximum exposure of TMX to credit risk as at the financial position date is as follows:

TANZANIA MERCANTILE EXCHANGE PLC

Bank name	Balance as at June 2024 (EAD) TZS	PD	LGD	ECL TZS	Carrying value TZS
	(A)	(B)	(C)	D = (A)x(B)x(C)	(A)-(D)
CRDB 500	56,779,574	2.16%	0.87	1,067,002	55,712,572
CRDB 501	1,503,550,158	2.16%	1.00	32,476,683	1,471,073,475
NMB	2,785,805,869	2.16%	1.00	60,173,407	2,725,632,462
TCB	340,726,581	0.61%	0.98	2,036,864	338,689,717
NBC	150,000	0.40%	-	-	150,000
STANBIC	235,316	0.61%	-	-	235,316
Total				95,753,955	4,591,493,543

Bank name	Balance as at June 2023 (EAD) TZS	PD	LGD	ECL TZS	Carrying value TZS
	(A)	(B)	(C)	D = (A)x(B)x(C)	(A)-(D)
CRDB 500	4,501,680	2.16%	-	-	4,501,680
CRDB 501	38,406,165	2.16%	0.80	663,659	37,742,506
NMB	72,877,967	2.16%	0.90	1,416,748	71,461,219
TCB	1,120,132,362	0.61%	0.99	6,764,479	1,113,367,883
NBC	150,000	0.40%	-	-	150,000
Stanbic	-	0.61%	-	-	-
Total				8,844,886	1,227,223,288

b) Liquidity risk

This is the risk that funds will not be available to honor cash obligations as they arise. A significant portion of the Exchange's activities is funded through the Government subvention based on the capital and revenue budget of the Exchange. The Exchange will not undertake activities for which no funds are available. The financial liabilities of the Exchange are payable within 12 months of the year end.

	0 to 3 months TZS	Carrying amounts TZS
As at 30 June 2024		
Financial assets		
Cash and bank balance	4,687,247,498	4,687,247,498

TANZANIA MERCANTILE EXCHANGE PLC

	0 to 3 months TZS	Carrying amounts TZS
Financial liabilities		
Payables from exchange transactions	149,042,905	149,042,905
Liquidity risk gap	4,538,204,593	4,538,204,593
 As at 30 June 2023		
Financial assets		
Receivables from exchange transactions	-	-
Cash and cash equivalents	1,236,068,174	1,236,068,174
	1,236,068,174	1,236,068,174
 Financial liabilities		
Payables from exchange transactions	149,042,905	146,155,916
Liquidity risk gap	1,087,025,269	1,089,912,258

24. COMMITMENTS

Commitments relate to the contractual arrangements which supplies to deliver various services.

a. Capital commitments

There were no capital commitments as at 30 June 2024 (2023: None).

b. Operating leases

TMX has entered in commercial lease on premises for its office in Dar es Salaam. This lease has an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the lessee by entering this lease.

25. SHARE CAPITAL

Shareholders of the Exchange are the Treasury Registrar (TR), Public Social Service Security Fund (PSSSF) and TIB Development Bank. The capital contributions were TR TZS 3 billion, PSSSF TZS 1 billion and TIB is TZS 0.5 billion.

	2023/24 TZS	2022/23 TZS
Authorized share capital		
30,000,000 ordinary shares of TZS 1,000 each	30,000,000,000	30,000,000,000

TANZANIA MERCANTILE EXCHANGE PLC

Ordinary shares issued and fully paid

4,500,000 ordinary shares of TZS 1,000 each	<u>4,500,000,000</u>	<u>4,500,000,000</u>
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26. EXPLANATION OF COMPARISON OF THE BUDGET VS ACTUAL AMOUNTS

Revenue

A. Government Subvention

TMX receives Subvention for Other Charges from the Government of Tanzania through the Ministry of Finance (MOF). The Exchange received TZS 1,323,000,000 less of what was budgeted by the Government.

B. Revenue from exchange transactions

TMX collects transaction fees through online trades administered, further to that TMX also collects interest through funds deposited in call account. The Exchange did collect these funds because some commodities are still traded with zero or minimum fees. In addition to that Revenue from exchange transactions also includes interest received from capital fund account.

Expenditure

C. Wages, salaries and employee benefits

The Exchange provides benefits to employees which includes salaries, health insurance coverage, retirement plans, and worker incentive.

D. Use of goods and service

This includes all administrative, market development and ICT expenses which were incurred during the year under review. The Exchange did limit its expenditure in relation to the reduced amount of revenue collected.

E. Other transfers

These are contributions made to various entities not directly accounted as an institutional expenditure. This includes transfers like contribution to consolidated fund and transfers settled for corporate social responsibilities.

F. Other expenses

For the financial year 2023/24 TMX other expenses incurred were mainly from board and committee meetings held during the year under review. The variance was due to the fact that the Exchange budgeted TZS 500,000,000 as consultancy fees in respect of the construction of the Exchanges whereby this was not incurred during the period under review. The construction of the office building is managed and facilitated by the Ministry of Finance.

G. Maintenance expenses

This includes all office maintenance and motor vehicle repair expenses incurred during the year

TANZANIA MERCANTILE EXCHANGE PLC

under review. The Exchange experienced limited activities due to the less amount of revenue collected. The variance was due to the fact that the Exchange budgeted TZS 1,000,000,000 as construction cost for the new whereby this was not incurred during the period under review. The construction of office building is managed and facilitated by the Ministry of Finance.

H. Acquisition of intangibles

The exchange did incur the cost to update the Online Trading System (OTS) so as to enhance the system with features to accommodate the trading of new commodities

27. RECONCILIATION OF CASHFLOW ON REVENUE

	2023/24 TZS	2022/23 TZS
Deficit	(561,926,480)	(793,743,670)
<i>Adjust for</i>		
Depreciation	116,869,590	116,869,588
Amortization	21,607,460	14,742,460
Expected credit loss	86,556,416	8,844,886
Foreign exchange differences	192,222	-
<i>Working capital changes:</i>		
Increase in prepayment	(2,480,874)	-
(Increase)/Decrease in receivables	(272,907,345)	34,463,939
Increase in payables	2,886,989	38,906,116
Increase/(Decrease) in deposit	4,069,873,568	(27,763,279)
Cash flow from operating activities	<u>3,460,671,546</u>	<u>(607,679,960)</u>

28. RECONCILIATION OF CASH FROM OPERATING ACTIVITIES

	2023/24 TZS	2022/23 TZS
Revenue from exchange transactions	452,959,417	172,558,609
<i>Adjust for</i>		
A Trade receivable	(272,907,345)	-
	<u>180,052,072</u>	<u>172,558,609</u>

29. RECONCILIATION OF CASHFLOW ON PAYMENTS

	2023/24 TZS	2022/23 TZS
A Wages, salaries and employee benefits	1,162,815,055	1,009,605,597
<i>Adjust for</i>		
Staff claim	(18,000,000)	1,820,000
	<u>1,144,815,055</u>	<u>1,011,425,597</u>

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

	2023/24	2022/23
	TZS	TZS
B Use of goods and service	792,166,373	604,328,730
<i>Adjust for</i>		
Supplies of goods and services	(3,830,046)	-
Other statutory payables	260,000	(120,000)
Rent payable	18,683,058	(37,366,116)
	807,279,385	566,842,614
C Other expenses	139,017,503	200,158,604
<i>Adjust for</i>		
Prepayment on insurance	2,480,874	-
Provision for audit fees	-	(3,240,000)
	141,498,377	196,918,604

30. FINANCIAL INSTRUMENTS

These instruments give rise to both financial asset of one entity and financial liability of another entity. These are classified on future value through surplus, deficit, net equity or amortization cost.

Fair values of financial instruments

Set out below is a comparison of the carrying amounts and fair values of Tanzania Mercantile Exchange financial instruments.

	Carrying amounts TZS	Financial values TZS
As at 30 June 2024		
Financial assets		
Cash and cash equivalents	4,687,247,498	4,687,247,498
Receivables from exchange transactions. (Net of impairment)	272,907,345	272,907,345
	4,960,154,843	4,960,154,843
Financial liabilities		
Payables and accruals from exchange transactions	149,042,905	149,042,905
	149,042,905	149,042,905

As at 30 June 2023

Financial assets

Controller and Auditor General

AR/PA/TMX/2023/24

TANZANIA MERCANTILE EXCHANGE PLC

Cash and cash equivalents	1,236,068,174	1,236,068,174
Receivables from exchange transactions	-	-
	<u>1,236,068,174</u>	<u>1,236,068,174</u>

Financial liabilities

Payables and accruals from exchange transactions	256,653,181	256,653,181
	<u>256,653,181</u>	<u>256,653,181</u>

Financial instruments by category

	Receivables TZS	Available for- sale financial assets TZS	Total TZS
As at 30 June 2024			
Financial assets			
Receivables from exchangetransactions	<u>272,907,345</u>	<u>272,907,345</u>	<u>272,907,345</u>
		Held at amortised cost TZS	Total TZS
Financial liabilities			
Payables and accruals from exchange transactions	<u></u>	<u>149,042,905</u>	<u>149,042,905</u>
		Available for- sale financial assets TZS	Total TZS
As at 30 June 2023			
Financial assets			
Receivables from exchangetransactions	<u>-</u>	<u>-</u>	<u>-</u>
		Held at amortised cost TZS	Total TZS
Financial liabilities			
Payables and accruals from exchange transactions		<u>256,653,181</u>	<u>256,653,181</u>

31. PRIOR YEAR ADJUSTMENT DISCLOSURE

Prior year adjustments is in respect of depreciation in prior years and adoption of IPSAS 41 *Financial Instruments*. The effects of the adjustments have been accounted for retrospectively and the effects on prior year have been taken up as prior year adjustments in the financial statements.

Adjustment on depreciation residual values, useful life of property, plant and equipment are according to the directives of Accounting Circular No. 6 with reference No. EG.3/102/02/03 on the Preparation of Financial.

Accordingly, the following accounts in prior years have been restated as follows:

	As previously reported TZS	Adjustment TZS	As restated TZS
Statement of changes in net assets/equity			
Accumulated deficit	3,298,335,282	(503,765,011)	2,794,570,271
Statement of financial position			
<i>Non-current assets</i>			
Property and equipment	148,579,105	512,631,805	661,210,910
<i>Current assets</i>			
Cash and cash equivalents	1,236,068,174	(8,866,795)	1,227,201,379
<i>Net assets/equity</i>			
Accumulated deficit	3,298,335,282	(503,765,011)	2,794,570,272

32. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2024 (30 June 2023: None).

33. EVENTS AFTER THE REPORTING DATE

There is no known event that has impacted on the results for the year and the statement of financial position of the Exchange after the reporting date.