



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



TANZANIA SISAL BOARD

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2022**

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March, 2023

AR/PA/TSB/2021/22

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.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: “Modernizing External Audit for Stronger Public Confidence”

Core values

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

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

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

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ABBREVIATIONS

AIDS	Acquired immunodeficiency syndrome
CAG	Controller and Auditor General
HIV	Human immunodeficiency virus
IPSAs	International Public Sector Accounting Standards
NBAA	National Board of Accountants and Auditors
OC	Other Charges
PE	Personal Emoluments
PSSSF	Public Services Social Security Fund
TATC	Tanzania Automotive Technology Centre
TSB	Tanzania Sisal Board
TZS	Tanzanian Shillings

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
Tanzania Sisal Board,
P.O. Box 277,
Tanga.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Sisal Board, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Sisal Board as at 30 June 2022, 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 Sisal Board in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on procurement of works, goods and services in the Tanzania Sisal Board for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

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

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Sisal Board for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

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

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March, 2023

TANZANIA SISAL BOARD

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022

The Directors hereby present this draft financial statements for the financial year ended 30 June 2022, which disclose the state of affairs of the Board.

2.1 INCORPORATION

Tanzania Sisal Board is a corporate entity established by the Sisal Industry Act No. 2 of 1997 after the privatization of Tanzania Sisal Authority, which was also a Public entity.

2.2 VISION STATEMENT

The vision of the Board is to become a competent and effective organization in the Sisal Industry for providing policy advises promotion and regulatory services so as to make it a vibrant and widely owned industry.

2.3 MISSION STATEMENT

The mission of the Board is to promote and regulate the development and improvement of the Sisal Industry in collaboration with all stakeholders in the sisal crop sub sector.

2.4 PRINCIPAL ACTIVITIES OF THE BOARD

The Board is charged with the regulation and promotion of the Sisal Industry in Tanzania. The Board also has the responsibility of carrying out shared functions, including extension services, marketing and research.

2.5 COMPOSITION OF TSB BOARD OF DIRECTORS

According to the Sisal Industry Act No. 2 of 1997, the Board of Directors shall be appointed for a term of three years. Its composition/constitution and how it shall conduct its business is provided for in the Act.

The Chairman is appointed by the President of the United Republic of Tanzania while other Directors are appointed by the responsible Minister. The names of Directors who served the Board during the year under review are stated below: -

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The composition of Board of Directors

S/N	Name	Position	Nationality	Age (yrs)	Qualification	Appointment date
1	Ms. Mariam Alu Nkumbi	Chairperson	Tanzanian	62	Economist	20.01.2020
2	Mr. Mohamed Abbas Fundikira	Member	Tanzanian	62	Finance	03.06.2020
3	Mr. Thabit O Dokodoko	Member	Tanzanian	40	Finance & Economist	03.06.2020
4	Mr. John Linus Banzi	Member	Tanzanian	62	Agricultural Economist	03.06.2020
5	Dr. Catherine Justine Senkoro	Member	Tanzanian	59	Soil Scientist	03.06.2020
6	Mr. Hashim Salim Kimomwe	Member	Tanzanian	58	Economist	03.06.2020
7	Mr. Grayson Marko Nnyari	Member	Tanzanian	68	Agriculturalist	Deceased 13.09.2022
8	Saddy Hamis Kambona	Secretary	Tanzania	47	Legal	03.6.2020

BOARD'S AUDIT COMMITTEE

The Board has Audit Committee which is made up of the following members:

S/N	Name	Position	Nationality	Age (yrs)	Qualification	Appointment date
1	Mr. Thabit O Dokodoko	Member	Tanzanian	40	MSc Finance & Economics, ADA, CPA(T)	03.06.2020
2	Mr. Mohamed Abbas Fundikira	Member	Tanzanian	62	MBA, PGD-BA, PG -In Tax Administration	03.06.2020
3	Mr. Hashim Salim Kimomwe	Member	Tanzanian	58	Economist	03.06.2020

During the year under audit, this Committee convened three Meetings and all Members attended such meetings. From such meetings, the following matters were discussed:

i) The Audit Committee Meeting held on 4th November 2021 at Office Board Room, Mkongwe House. In this meeting;

- Committee members discussed about Board's financial performance for the first quarter of the year (July - September 2021). The discussion mainly focused on Own Sources revenue, the Government Subvention, Expenditures and challenges that the Board was facing on implementation of its responsibilities.

-The Committee also discussed about the procurements conducted during the year under audit. Such discussion was mainly focusing on procurement of office supplies, fuel, and services.

-Also the Committee discussed about the Audit Plan for the entire year July 2021 to June 2022. This plan was presented by the Board's Internal Auditor.

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ii) The Audit Committee Meeting held on 26 January 2022 at Office Board Room, Mkonge House. In this meeting;

- The Committee members requested the Finance Department to present the Debts status of the Board up to the end of the first half of the year (31 Dec 2021) and share the strategies in place for the Board's recoverability. Further, the Committee members directed the Management to ensure close follow up of the debts is maintained.

- Committee also instructed the PMU to ensure it obtains the Store-ledger showing the purchases and consumption of fuel from GPSA.

- Also the Committee instructed the Board's management to write up letter addressed to PPRA for introducing the members of the Tender Board.

iii) The Audit Committee Meeting held on 9 May 2022 at Office Board Room, Mkonge House. In this meeting;

- The Committee members instructed the Internal Audit Unit of the Board to review and do analysis of the debts and Liabilities of the Board and report same to TSB Board of Directors so that proper instruction should be offered especially on long outstanding debts.

- The Committee members also instructed the Management of the TSB to make follow up so to ensure whether the debt relating to Tanzania Audit Corporation (TAC) shall be paid by the Government or TSB, so that committee should advise the full Board about implementation.

2.6 CORPORATE GOVERNANCE

The Board of Directors takes overall responsibility for the efficient Management of the Board including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance business plans and budget. The Board is also responsible for ensuring a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Director General assisted by senior management. Senior management is invited to attend Board meetings and facilitates the effective control of all Board's operational activities, acting as a medium of communication and coordination between various business units.

During the year under audit, the Full Board met three times in which a number of matters were discussed. The meetings were held on 3 September 2021, 28 January 2022 and 21 May 2022. From such meetings, the following were discussed:

i) Hale Project of Generating Sisal Gas

The management offered its statement to the Board that from the follow up done at the UNIDO Dar es Salaam office, they were informed that usually the projects sponsored by

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UNIDO in collaboration with the Government, its sponsorship ceases once the projects reaches to an end and handed to the Government. As the Hale project completed since 2007 and and handled to the Government, then UNIDO Tanzania will write to UNIDO Headquarters to share this status for the desions ahead.

ii) Also the Board members had discussed the existing sources of Board revenue together with their effectiveness on generating revenue. Such sources are Land rents, House rents, Inspections fees, Inland Commercial Licence Fees, Export Licence fees, other revenues ets.

iii) The Board members also discussed about the distribution of the Sisal fields to various stakeholders who showed the interest on farming.

iv) Board's members also discussed about the massive repairing of the Heavy Mobile cranes that is implemented jointly between Tanzania Sisal Board (TSB) and Tanzania Engineering and Manufacturing Design Organisation (TEMDO)

v) Agave Syrup / Spirit Project

The Board was informed by Management and hence discussed about the Agave Syrup / Spirit Project. The Communication was on going between KIKIZ and TSB. Further the TIERRA Company was in search of another Company to partner in the AGAVE Project.

The Board is committed to the principles of effective corporate good governance as demonstrated by integrity, transparency and accountability.

2.7 CAPITAL STRUCTURE

The Capital structure of the Board is composed of Capital funds, Government grants and retained earnings.

2.8 MANAGEMENT

The management of the Tanzania Sisal Board is under the Director General and is organized in the following Directorates and units namely:-

- Directorate of Corporates Services,
- Directorate of Sisal Development & Marketing,
- Internal Audit Unit,
- Public Relations and communication Unit,
- Procurement Management Unit,
- Legal services Unit and
- Information Communication, Technology and Statistic unit.

2.9 FUTURE DEVELOPMENT PLANS

The planned activities in the year 2021/22 were based to four objectives of which the planned Target and activities were as follows: -

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2.9.1 Objective A: - Services improved and HIV/AIDS infections reduced. The planned activities to fulfil this objective were as follows: -

- To conduct awareness to 1,200 Sisal Farmers and 20 TSB Staff on HIV/AIDS annually

2.9.2 Objective B: Effective implementation of anti corruption strategy in the sisal sector enhanced. The planned activities to fulfil this objective were as follows: -

- To conduct awareness to 800 Sisal Farmers and 20 TSB Staff on Corruption annually.

2.9.3 Objective B: - Working Environment improved. The planned activities to fulfil this objective were as follows:-

- To enhance TSB's working environment by June 2022
- To pay contract workers by June 2022
- To settle electricity and water bills by June 2022
- To conduct 4 Board of Director's meeting and pay annual director's fee annually
- To attend litigation and legal matters To attend seminars and conferences by June 2022
- To enhance TSB's accounting activities by June 2022
- To attend training on legal matters
- To pay land rent for TSB estates annually
- To equip TSB office with working tools and services by June 2022
- To conduct 4 Monitoring and evaluation visits by June 2022
- To attend meetings and other ministerial calls by June 2022
- To Rehabilitate TSB's office building by June 2022

2.9.4 Objective C: - Production and productivity in agricultural sector improved. The planned activities to fulfil this objective were as follows: -

- To conduct inspection visits to 39 sisal estates, 6 spinning mills, 7,059 sisal smallholder farmer's and exit points by June 2022
- To conduct training on sisal agronomy and fiber quality to 300 sisal farmers by June 2022
- To conduct leaf potential assessment to 300 smallholder sisal farmers
- To conduct 4 Monitoring and evaluation visits by June 2022
- To promote development of newly planted areas in 10 estates and 10 districts by June 2022
- To prepare and supervise implementation of the 10 yrs sisal crop development plan by June 2022
- To conduct survey, mapping and allocate farms to smallholder farmers in TSB's Estates
- To prepare demonstration plots for training in five smallholders farmers
- To distribute sisal planting materials to 20 districts by June 2022

2.9.5 Objective D: - Promotion and Sisal Marketing information strengthened. The planned activities to fulfil this objective were as follows:-

- To conduct promotion visit to 15 district on sisal farming by June 2022.
- To link 10 sisal farmers to export market by June 2022.
- To participate in Dar es salaam international trade fair, industrial exhibition and Tanga trade fair by June 2022.

All these four objectives are implemented by the Board on segment wise. The Board picked some activities in every objective above and put into implementation.

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2.10 PERFORMANCE FOR THE YEAR 2021/22

The Management Team commitment and dedication to their jobs as a Board reflects on the high integrity of each individual member. The financial year 2021/22 was a difficult year, which saw numerous unfulfilled goals and objectives of the institution due to serious financial constraints.

Quality inspections have been done at small extent. The problem in this financial year being lack of enough funds, which led the institution to perform below standard. The Management has been making efforts to solicit funds by submitting project write ups but has yet to succeed.

Production and Productivity enhancement category

Management engaged its Directorate of Sisal Development & Marketing to conduct quality control check-up in Tanga port and Dar es Salaam. Also, the Board collected and disseminated statistical data and other information, which are relevant to the development of the Sisal Industry to the responsible Ministry and other government Agencies.

During the period from July 2021 to June 2022 the production of sisal fibre stood at 43,594.32 tons. (Prior year July 2020-June 2021 Tones 37,022.63) Nevertheless, the Industry is now on the resurgence due to a number of reasons including increase in Sisal uses resulting from increased consumer awareness of sisal as an environmentally friendly natural product. Sisal fibre and products are viable alternative to synthetic products which damage the environment with consequent health Hazards.

2.10.1 PROGRESS REVIEW

The following progress report is for the financial year 2021/22 in comparison with the performance of 2020/21.

2.10.2 OBJECTIVES FOR FINANCIAL YEAR 2021/22

In the FY 2021/22 the Board had four Objectives that are: Services improved and HIV/AIDS infections reduced, Working Environment improved, Production and productivity in agricultural sector improved, Promotion and Sisal Marketing information strengthened by June 2022.

2.10.3 IMPLEMENTATION OF THE SET OBJECTIVES

2.10.4 Production and Productivity

Production

The Sisal Industry recorded increase in sisal fibre production in year 2021/22 with production of 43,594.32 tons compared to tons 37,463.88 produced in year 2020/21 which is equivalent to 14% increase.

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Productivity

The productivity results of sisal farming was still low as many of the farmers produced around 0.8 to 1.0 tons per hectare compared to 1.2 tons per hectare per hectare to reach the required productivity level, although few farmers managed to increase productivity up to 1 ton per hectare. Improvement in this regard remained minimal. Most farmers failed to clean mature and immature sisal and also failed to intercrop.

2.10.5 Quality Control

During the period under review, The Board managed to visit 37 estates and 6 spinning mills for Sisal inspections as required by the law but failed to do visits to smallholder farmers due to inadequacy of funds.

2.10.6 Enhancing the Board's Operations

Due to financial constraints, Management failed to provide its staff with necessary amenities to ensure a supportive working environment.

Financial Statements which provide a true picture of the Board's financial conduct was prepared and produced enabling sound decision making to enhance operations.

2.10.7 Promoting Integrated Sustainable Use and Management of Natural Resources

Pertaining to technology advancement, the Board continued cooperating with Tanzania Automotive Technology Centre (TATC) - Nyumbu, in Kibaha to fabricate a mobile decorticator and a brushing machine for our sisal smallholder farmers. The machine had undergone the final test and the TATC Engineers promised to perfect the observed challenges shortly.

Agave Syrup and Inulin project implementation have been pushed towards accomplishment by TSB, Tierra group and PSSSF so far the parties have signed an MOU on the implementation of the project. The matter has been forwarded to PSSSF investment committee and got the approval.

Also, Management is still continuing in facilitation on establishing of a 5MW gasification power plant which will be owned by D.D Ruhinda and Company LTD, so far the consultant firm which will conduct Feasibility Study and Environmental and Social Impact Assessment has already come to Tanzania and finalised discussion with the parties concerned.

However; the management in collaboration with Ministry of Agriculture, Finance and Tanga Regional Commissioner Office managed to transform sisal smallholders' farmers under SISO scheme to be managed by the AMCOS from respective Estate.

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2.11 BUDGET REVIEW FOR FINANCIAL YEAR 2021/22

2.11.1 Introduction

The total budget for Tanzania Sisal Board for the Financial Year 2021/22 was as follows:

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- i. TZS 81,264,228 for Other Charges (OC). These funds were directed to four objectives of the Board as stated earlier.
- ii. TZS 430,000,000 were budgeted for Personnel Emoluments. This amount was budgeted to cater for existing staff members in payroll as well as projected new recruits.
- iii. TZS 100,000,000 were budgeted for development. This amount was budget for rehabilitation of Tanzania Sisal Board office building.
- iv. TZS 150,000,000 were also budgeted for development. This amount was budget for distribution of Sisal seedling in various smallholders farmers.
- v. TZS 60,000,000 were also budgeted for development. This amount was budget for field class (*shamba darasa*). However TZS 37,300,000 was reallocated to office building rehabilitation item.
- vi. TZS 50,000,000 were also budgeted for development. This amount was budget for renovation of Sisal Decorticator Machine located at Kibaranga sisal estate. However the whole amount was also reallocated to office building rehabilitation item.
- vii. TZS 40,000,000 were also budgeted for development. This amount was budget for Sisal estates survey & Measurement.

2.11.2 Financial Review for 2021/22

During the financial year 2021/22, the Board received TZS 72,710,393.54 for Other Charges as the approved budget of TZS 81,264,228 which is equivalent to 89% of the total OC budget.

2.12 SOLVENCY

The Board experienced some shortcoming in fulfilling its set objectives due to low budget ceiling approved by the Government as compared to the actual requirement of the Board. Nonetheless, the approved ceiling was not disbursed timely and even when disbursed the amount was less than the approved budget. This scenario caused the Board not to conduct fully its core functions including regulation, inspection and research and development.

2.13 EMPLOYEES

2.13.1 Management and Employees' Relationship

There was continued good relationship between Employees and Management for the year 2021/22. There were no unresolved complaints received by Management from the Employees during the year under review. Moreover, a healthy relationship continued to exist between Management and Ministry.

The Board is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regarding factors like gender,

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marital status, tribes, region and disability which does not impair ability to discharge duties.

2.13.2 Training Facilities

Due to the budget constraints for the year 2021/22 the Board managed to send 11 staff for training out of 17 employees budgeted. During this year under audit that ended 30 June 2022, the Board spent TZS 5,160,000 for Staff Training (TZS 7,099,000 was spent in prior year ended 30 June 2021)

2.13.3 Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependants) for each employee were availed medical insurance guaranteed by the Board. Currently, these services are provided by National Health Insurance Fund. During the year under audit, 2021/22 the Board incurred TZS 250,000 (2020/21: TZS 200,000) for Staff medical expenses.

2.13.4 Financial Assistance to Staff

Loans were available to all confirmed employees depending on the assessment and the discretion of Management as to the need and circumstances. Management entered into contract with NMB to avail loans to all permanent staff whenever a need arises. However during the year under audit, 2021/22 there was no any Loan issued to staff through this programme.

2.13.5 Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the applicant's disability does not impair his/her performance. In the event of members of staff become disabled, every effort will be made to ensure their employment with the Board continues and appropriate training will be arranged. It is the policy of the Board that training, career development and promotion of disabled persons is similar to that of other employees.

2.13.6 Employees Benefit Plan

The Board pays contributions to publicly administered pension funds on mandatory basis and qualifies to be a defined contribution plan. The number of employees during the year 2021/22 was 27.

2.14 GENDER PARITY

The Board had 27 employees, out of which 4 were female and 23 were male in 2021/22. This number of employees was same as in prior year.

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2.15 TSB BOARD MEMBER'S INTEREST.

TSB is a public body under supervision and control of the Body of Directors. During the 2021/22, none of the member had interest or transaction with TSB except those reported under note 19.

2.16 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 19 of these financial statements.

BY ORDER OF THE BOARD

.....
CHAIRPERSON

.....
DATE

.....
Ag. DIRECTOR GENERAL

TANZANIA SISAL BOARD

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Board's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position as at 30 June 2022, and the Statement of Financial Performance, the statement of changes in Net Assets, Cash flows Statement, Comparison of budget and actual amount for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS) accrual.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have assessed the Board's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the financial year ahead.

Approval of the financial statements

The draft financial statements of the Board, as indicated above, were approved by the Board of Directors on

CHAIRPERSON

Ag. DIRECTOR GENERAL

TANZANIA SISAL BOARD

4.0 DECLARATION OF THE HEAD OF FINANCE OF TANZANIA SISAL BOARD

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/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors' responsibility statement on an earlier page.

I, GEORGE M SENI, the Director of Corporate Services responsible for Finance and Administration hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with International Public Sector Accounting Standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view of the financial position of Tanzania Sisal Board on that date and that they have been prepared based on properly maintained records.

Signed by: GEORGE MAHIGU SENI
Position: Director of Corporate Services
NBAA Membership No: ACPA 2739
Date:

TANZANIA SISAL BOARD

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	30 JUNE 2022 TZS	30 JUNE 2021 TZS
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	2	148,135,755	143,055,612
Long term Advance to NEDCO	5(a)	175,978,625	175,978,625
Capital work in Progress	5(b)	585,613,815	351,378,520
		909,728,195	670,412,757
Current Assets			
Accounts Receivables	3	148,507,855	135,336,272
Cash and Cash Equivalents	4	59,223,675	72,691,798
		207,731,530	208,028,070
Total assets		1,117,459,725	878,440,827
LIABILITIES			
Current Liabilities			
Payables and Accruals	6	1,189,742,181	1,041,757,338
Total Current Liabilities		1,189,742,181	1,041,757,338
Non -Current liabilities			
Capital grants	8	1,700,180	4,056,385
Total non-current liabilities		1,700,180	4,056,385
TOTAL LIABILITIES		1,191,442,361	1,045,813,723
Net assets		(73,982,636)	(167,372,896)
NET ASSETS			
Capital Fund	7	250,731,963	250,731,963
Accumulated Surpluses/(deficits)		(324,714,599)	(418,104,859)
TOTAL NET ASSETS		(73,982,636)	(167,372,896)

Notes form part of the financial statements which were approved by the Board of Directors and signed on its behalf by;

CHAIRPERSON

DATE

Ag. DIRECTOR GENERAL

TANZANIA SISAL BOARD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 TZS	2020/21 TZS
Revenue			
Revenue from Exchange transactions	10	549,764,070	408,488,499
Revenue from non-exchange transactions	9	<u>1,041,912,466</u>	<u>469,861,581</u>
Total Revenue		<u>1,591,676,536</u>	<u>878,350,080</u>
Expenses			
Wages, Salaries and Employee benefits	11	(628,480,012)	(467,510,796)
Supplies and consumables used	12	(865,020,774)	(525,772,552)
Depreciation expenses	2	<u>(4,785,490)</u>	<u>(4,703,792)</u>
Total Expenses		<u>1,498,286,276</u>	<u>(997,987,140)</u>
Surplus/(Deficit) for the year		<u>93,390,260</u>	<u>(119,637,060)</u>

Notes form part of the financial statements which were approved by the Board of Directors and signed on its behalf by;

CHAIRPERSON

DATE

Ag. DIRECTOR GENERAL

TANZANIA SISAL BOARD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Capital Fund(TZS)	Accumulated Surpluses/Deficits (TZS)	Total(TZS)
Balance as at 1 July 2021	250,731,963	(418,104,859)	(167,372,896)
Surplus/deficit for the year	-	93,390,260	93,390,260
Balance as at 30 June 2022	250,731,963	(324,714,599)	(73,982,636)

Details	Capital Fund (TZS)	Accumulated Surpluses/Deficits (TZS)	Total (TZS)
Balance as at 1 July 2020	250,731,963	(305,652,266)	(54,920,303)
Surplus/deficit for the year		(119,637,060)	(119,637,060)
Prior year adjustment		7,184,467	7,184,467
Balance as at 30 June 2021	250,731,963	(418,104,859)	(167,372,896)

Notes form part of the financial statements

TANZANIA SISAL BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 TZS	2020/21 TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Revenue from Exchange transactions	10	549,764,070	408,488,499
Revenue from non-exchange transactions	9	1,039,556,261	467,505,376
Other receipts	13		134,942,327
		1,589,320,331	1,010,936,202
PAYMENTS			
Wages, Salaries and Employee benefits	11	(628,480,012)	(467,510,796)
Supplies and Consumables *	12	(716,975,058)	(525,772,552)
Other payments	14	(13,171,582)	(46,101,958)
		(1,358,626,652)	(1,039,385,305)
Net Cash flows used in Operating Activities		230,693,679	(28,449,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of non-Current Assets	2	(9,926,507)	(5,150,000)
Increase in WIP Balance in Current year	5	(234,235,295)	(351,378,520)
Net Cash flows used in Investing Activities		(244,161,802))	(356,528,520)
Net increase/ (decrease) in cash and cash equivalents		(13,468,123)	(384,977,624)
Cash and cash equivalent at the beginning of the year		72,691,798	457,669,422
Cash and cash equivalent at the end of the year		59,223,675	72,691,798

Supplies and Consumables *

For the Cash Flow Purpose, the amount of Supplies and Consumables was TZS 716,975,058 (Not TZS 864,959,901) because the supplies involved transactions that were done on credit basis at the tune of TZS 147,984,843 that ended up increasing liabilities, NO cash payment was done.

TANZANIA SISAL BOARD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

DETAIL	Original	Final	Actual	Difference	Variance (in %age)
	Budget	Budget	Amounts on comparable basis		
	(A)	(B)	(C)	(B-C)	
	TZS	TZS	TZS	TZS	
RECEIPTS					
Revenue from Non exchange transactions -Other Charges	81,264,228	81,264,228	72,710,395	8,553,834	11%
Revenue from Non exchange transactions - Personal Emoluments	430,000,000	430,000,000	473,316,366	(43,316,366)	-10%
Revenue from Non exchange transactions - Development Funding	400,000,000	400,000,000	493,529,500	(93,529,500)	-23%
Revenue from exchange transactions	336,000,000	336,000,000	549,764,070	213,764,070	64%
Other receipts (Note 13)					
TOTAL RECEIPTS	1,247,264,228	1,247,264,228	1,589,320,331	343,999,308	
PAYMENTS					
Wages, salaries & Employees benefits	513,058,842	513,058,842	628,480,012	115,008,170	22%
Supplies & consumables (Less Profit on Disposal and supplies done on credit basis)=payments in Cash)	908,439,288	908,439,288	716,975,058	(43,418,514)	5%
Other payments (Note 14)	-	-	13,171,583		
TOTAL PAYMENTS	1,421,498,130	1,421,498,130	1,358,626,653	71,589,656	
Net Cash flows from Operating Activities	(174,233,902)	(174,233,902)	230,693,679		
Cash flows from Investing ctivities					
Purchases of Non-Current Assets	-	-	(9,926,507)		
Increase in WIP Balance in Current year Note # 5			(234,235,295)		
Net increase/decrease on cash and cash equivalents			(13,468,123)		

TANZANIA SISAL BOARD

NOTES TO THE FINANCIAL STATEMENTS

LEGAL STATUS AND INCORPORATION

Tanzania Sisal Board is a corporate entity established by the Sisal Industry Act No. 2 of 1997. Tanzania Sisal Board was established after the privatization of Tanzania Sisal Authority, which was also a Public entity.

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of Accounting

These financial statements have been prepared in accordance with International Public Sector Standards (IPSAS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of property and equipment. No adjustments have been made for other inflationary factors affecting the accounts.

The preparation of financial statements in conformity with IPSAS, Accrual basis requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

1.2 Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board 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 period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write off the cost of each asset value over its estimated useful life at a given rate per annum as detailed below:-

Particulars

Particulars	Rate per annum
Buildings	2.0%
Office and household equipment and furniture	12.5%
Motor vehicle	25.0%
Computer equipment	33.3%
Mobile phone	50.0%

Depreciation is charged on asset from the date when it is ready for use and stop on the date when the asset is derecognized by that the Board. Assets that are subject to

TANZANIA SISAL BOARD

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 credited/charged to income and expenditure account.

Expenditure on tools, books and other minor assets are fully expressed during the year of acquisition. However, they are recorded in memoranda registers.

1.3 Provision for Impairment of Receivables

Receivables are recognized initially at fair value and subsequently measured at value less provision for bad and doubtful debts. Specific provision is made in the financial statements against receivables considered to be doubtful of recovery. Bad debts are written off after obtaining Board of Directors' approval.

1.4 Inventories Valuation

Inventories and stores are valued at the lower of cost and realizable value. Cost is determined on First In First out (FIFO) basis. Provision for impairment is made on the basis of actual cost of inventories found obsolete or damaged.

1.5 Foreign Currency Transactions

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Foreign currency transactions are translated into Tanzanian shillings at the rates of exchanges ruling at the dates of the transactions. Monetary assets and liabilities at the year-end expressed in foreign currencies are translated into Tanzania shillings at the rates of exchange ruling at the end of the financial year. The

resultant gains/losses on exchange rate translations are dealt with in the Statement of Comprehensive Income.

(iii) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of statement of Cash Flows, cash and cash equivalents comprise cash in hand; deposit held on call and fixed deposits.

1.6. Income Recognition

Income is recognized on accrual basis of accounting. Income is recognized only when it is Probable that the economic benefits associated with the transaction will flow to the Board.

1.7 Accounting for Government Assistance/Grants

Revenue from Non-Exchange Transactions includes Government subventions and assistances received from the government and other donors. Grants are accounted for when there is a reasonable assurance that the grants will be received. For capital grants without conditions attached, revenue is recognized immediately in the statement of financial performance. If conditions are attached, a liability is recognized as capital funds in the statement of financial position and is reduced and revenue recognized as the conditions are satisfied.

1.8 Provisions

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events, it is probable that flow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Board expects a provision to be reimbursed, for example under insurances contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

1.9 Employee Benefits

i) Retirement Benefits

The Board has statutory obligations to contribute on various pension schemes in favor of all the employees employed under permanent and pensionable terms. The pension schemes in force to which the Board contributes are the Public Services Social Security Fund (PSSSF) and National Health Insurance Fund (NHIF)

Contribution to these schemes is recognized as an expense in the period employees render the related services

1.10 Financial Instruments

The Board classifies its financial instruments into the following categories:

i) Loans and receivables,

which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss.

ii) **Financial liabilities**, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

Financial instruments held during the year were classified as follows:

- Other liabilities were classified as financial liabilities.

TANZANIA SISAL BOARD

- Demand and term deposits with banking institutions and trade and other receivables were classified as 'loans and receivables'.

Recognition and measurement

Financial assets

All financial assets are recognized initially using the trade date accounting which is the date the Board commits itself to the purchase or sale. Financial assets carried at fair value through statement of financial performance are initially recognized at fair value and the transaction costs are expensed in the statement of financial performance. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, loans and receivables are carried at amortized cost using the effective interest method.

Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or collectability.

The Board assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognized. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in the carrying values and impairment losses of loans and receivables are recognized in the statement of financial performance. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the statement of financial performance in the year of recovery.

Financial liabilities

All financial liabilities are recognized initially at fair value of the consideration given plus the transaction cost.

Subsequently, all financial liabilities are carried at amortized cost using the effective interest method.

Presentation

Financial assets are classified as non-current except those with maturities of less than 12 months from the statement of financial position date, those which the directors have the express intention of holding for less than 12 months from the statement of financial position date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

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Financial liabilities are classified as non-current except those expected to be settled in the Board's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the Board does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

De recognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Board has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

1.10 Significant judgments and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Board, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available and any revisions to such judgements and estimates are recognized in the year in which the revision is made.

The directors have recognized income on annual fees and receivables thereon based on the expected collections, establishing from historical trends and the list of active engineers.

1.11 Risk management objectives and policies

1.11.1 Financial risk management

The Board's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Board does not hedge against any risks.

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 on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

As at year end, the Board had payables amounting to TZS 1,189,614,502 that were past due but not impaired.

ii) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities. The Board mitigates this risk through government

TANZANIA SISAL BOARD

subvention funding to meet its capital requirements and working capital requirements on an annual basis based on annual funding.

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk. The Board is only exposed to currency risk.

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The Board only had bank balances as at 30 June 2022 amounting to TZS 59,223,675 which are denominated in TZS. If the Board would have Bank accounts dominated in US Dollars, Management considers that an appreciation of the United States Dollar against the Tanzania Shilling of 10% for the year ending 30 June 2022 would sound reasonably possible

TANZANIA SISAL BOARD

2.0 Property, plant and equipment

	Leasehold Land	Buildings	Motor Vehicle	Furniture & Fittings	Office Equipment	Computer and Accessories	Total
Costs:							
Balance as at 1 JULY 2021	49,162,572	106,165,800	152,718,790	22,663,500	19,317,019	30,377,500	380,405,181
Additions	-	-	-	3,000,000	2,200,000	4,726,507	9,926,507
Re-classification					6,002,500	(6,002,500)	
Disposal	-	-	-	(2,730,690)	(2,175,000)	-	(4,905,690)
Balance as at 30 JUNE 2022	<u>49,162,572</u>	<u>106,165,800</u>	<u>152,718,790</u>	<u>22,932,810</u>	<u>25,344,519</u>	<u>29,101,507</u>	<u>385,425,998</u>
Depreciation:							
Balance as at 01 JULY 2021	-	23,066,326	152,718,789	18,266,455	15,633,982	27,664,018	237,349,569
Re-classification		-	-	-	6,965,334	(6,965,334)	-
Charge during the year	-	1,793,493	1	1,058,896	559,287	1,373,814	4,785,490
Disposals				(2,669,818)	(2,175,000)		(4,844,818)
Balance as at 30 JUNE 2022	<u>-</u>	<u>24,859,819</u>	<u>152,718,790</u>	<u>16,677,795</u>	<u>20,961,341</u>	<u>22,072,498</u>	<u>237,290,243</u>
Net Book Value							
As at 30 JUNE 2022	49,162,572	81,305,981	1	6,255,015	4,383,178	7,029,009	148,135,755
As at 30 JUNE 2021	49,162,572	83,099,474	1	4,397,046	3,683,037	2,713,482	143,055,612

TANZANIA SISAL BOARD

2(a) Property, plant and equipment

	Leasehold Land	Buildings	Motor Vehicle	Furniture & Fittings	Office Equipment	Computer and Accessories	Total
Costs:							
Balance as at 01 JULY 2020	49,162,572	106,165,800	152,718,790	18,963,500	17,867,019	30,377,500	375,255,181
Additions	-	-	-	3,700,000	1,450,000		5,150,000
Disposal	-	-	-	-	-		-
Balance as at 30 JUNE 2021	<u>49,162,572</u>	<u>106,165,800</u>	<u>152,718,790</u>	<u>22,663,500</u>	<u>19,317,019</u>	<u>30,377,500</u>	<u>380,405,181</u>
Accumulated Depreciation							
Balance as at 01 JULY 2020	-	<u>21,233,160</u>	<u>152,718,788</u>	<u>17,196,551</u>	<u>15,247,229</u>	<u>26,250,049</u>	<u>232,645,777</u>
Charge during the year	-	<u>1,833,166</u>	-	<u>1,069,904</u>	<u>386,753</u>	<u>1,413,969</u>	<u>4,703,792</u>
Balance as at 30 JUNE 2021	-	<u>23,066,326</u>	<u>152,718,788</u>	<u>18,266,455</u>	<u>15,633,982</u>	<u>27,664,018</u>	<u>237,349,569</u>
Net Book Value							
As at 30 JUNE 2021	49,162,572	83,099,474	1	4,397,046	3,683,037	2,713,482	143,055,612
As at 30 JUNE 2020	49,162,572	84,932,640	1	1,766,949	2,619,790	4,127,451	142,609,404

TANZANIA SISAL BOARD

	30 JUNE 2022	30 JUNE 2021
3 ACCOUNTS RECEIVABLES	TZS	TZS
Sisal Biogas Project	60,748,610	60,748,610
Land rent Prepayment	58,485,705	58,485,705
Trade receivables and prepayments	11,125,513	3,450,000
Staff imprest	17,082,759	12,057,025
Staff leave	1,065,268	594,932
	<u>148,507,855</u>	<u>135,336,272</u>

	30 JUNE 2022	30 JUNE 2021
4 CASH AND CASH EQUIVALENTS	TZS	TZS
Cash on hand	8,579	2,026,029
Bank Balance - BOT Account	1,738,255	12,126,990
Bank Balance - CRDB Bank	533,391	2,647,899
Bank Balance - NMB Development Account	56,943,450	38,756,880
Bank Balance - NMB Collection Account	-	17,134,000
	<u>59,223,675</u>	<u>72,691,798</u>

(a) LONG TERM ADVANCE PAYMENT TO NEDCO LTD.

- 5 TZS 175,978,625 represents the amount paid as an advance to a consultant NEDCO Limited for the Architectural, Engineering and Quality Surveying of the Board's office building during the year 2013/14. However the project did not proceed to completion.

(b) CAPITAL WORK IN PROGRESS

This represents amount that was granted by the Government of United Republic of Tanzania to rehabilitate its Office building, Mkonge house in prior year 2020/21. In current year the movement in this account is TZS 234,235,295(2021: TZS 351,378,520)

	30 JUNE 2022	30 JUNE 2021
	TZS	TZS
Work in Progress at start (1.7.2021)	351,378,520	-
Addition during the year	234,235,295	351,378,520
Work in Progress at year-end (30.6.2022)	585,613,815	351,378,520

6 PAYABLES AND ACCRUALS	30 JUNE 2022	30 JUNE 2021
Trade payables ****	233,904,014	191,296,347
Audit fees payable	35,200,000	25,000,000
Directors' fees payable	109,433,300	110,700,000

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Office rent accrued	149,226,835	149,226,835
Other staff payables	42,441,501	29,683,595
RECLAFEA contribution payable	20,000	-
Other outstanding staff allowance	266,925,600	221,575,418
Staff imprest payable	81,724,086	55,330,859
Terminal benefits payable	265,338,845	254,714,059
TALGWU contribution payable	128,000	-
Provision for CAG's audit Fee	5,400,000	3,800,000
NHIF payable	-	430,225
	<u>1,189,742,181</u>	<u>1,041,757,338</u>

***** The initial Balance of Trade Payable was TZS 233,776,335 that was understated by TZS 127,679 in one of its current year's supplier's balance'. Now this amount has been adjusted to obtain TZS 233,904,014

7 CAPITAL FUND	30 JUNE 2022	30 JUNE 2021
Capital fund for the construction of office block	175,978,625	175,978,625
Value of TSA buildings acquired by TSB	<u>74,753,338</u>	<u>74,753,338</u>
	<u>250,731,963</u>	<u>250,731,963</u>

8 CAPITAL GRANTS	Government Grant	BADEA Grant	Total
Balance as at 1 JULY 2021	4,056,385		4,056,385
Addition during the year	<u>1,039,556,261</u>	<u>-</u>	<u>1,039,556,261</u>
	1,043,612,646		1,043,612,646
Less: Amortization	<u>(1,041,912,466)</u>	<u></u>	<u>(1,041,912,466)</u>
Balance as at 30 JUNE 2022	<u>1,700,180</u>	<u></u>	<u>1,700,180</u>

9 REVENUE FROM NON-EXCHANGE TRANSACTION (GOVERNMENT SUBVENTION)

	2021/22 TZS	2020/21 TZS
Personnel Emoluments	473,316,366	307,360,000
Other Charges	72,710,395	160,145,376
Development Expenditures Funding	493,529,500	0
Amortization of capital fund	<u>2,356,205</u>	<u>2,356,205</u>
Total Revenue from Non-Exchange Transaction	<u>1,041,912,466</u>	<u>469,861,581</u>
Cash received-less amortization (For Cash Flow purpose)	<u>1,039,556,261</u>	<u>467,505,376</u>

The noticeable increment in Revenue from Non-Exchange Transactions amount in current year compared to prior year is largely attributed by the inclusion of

TANZANIA SISAL BOARD

Funding for Development expenditures amounting to TZS 493,529,500 that was not there in prior year.

10 REVENUE FROM EXCHANGE TRANSACTIONS

	2021/22 TZS	2020/21 TZS
Sisal grower's trade license fees	73,550,000	40,800,000
Tender fees		2,000,000
Estate survey and measurement		3,480,000
Sale of books		3,305,000
Nane nane Stakeholders Contribution		9,721,400
Stakeholders industrial exhibition contribution		6,354,000
Saba saba Stakeholders Contribution		4,600,000
Sisal inspection fee	73,230,000	67,684,000
Land rent	277,594,032	185,957,079
Farm application fees		60,364,520
Accrued Housing rental income	14,425,800	3,450,000
Housing rent	66,111,238	18,050,000
Miscellaneous income	44,853,000	2,722,500
	<u>549,764,070</u>	<u>408,488,499</u>

The major increase in Revenue from Exchange Transactions amount in current year compared to prior year is much attributed by the Board re-possessed some of its Houses and Sisal fields from which it collected substantial amount of rents as current year's Housing rent TZS 66.1 Million (2021: TZS 18.0 Million), Current year's Land rent TZS 277.5 Million (2021: TZS 185 Million). Also the fact that during current year the Board put much efforts on collection of Trade License Fees of Sisal Growers compared to prior year in which in current year TZS 73.5 Million of Trade License fee was collected (2020/21: TZS 40.8 Million).

11. WAGES, SALARIES AND EMPLOYEE BENEFITS

	2021/22 TZS	2020/21 TZS
Salaries	404,574,834	307,360,000
Employees under contract salaries	13,991,990	
Employer contribution - PSSSF	60,541,200	46,104,000
Employer contribution - NHIF	12,108,240	9,303,960
Staff recruitment expenses	5,231,500	5,880,000
Casual laborer	0	1,978,650
Staff welfare	80,000	2,958,000
Terminal benefit	21,114,610	59,978,144
Staff Training	5,160,000	7,099,000

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Staff hardship allowance	400,000	450,000
Staff houses rent / allowances	26,400,000	21,200,000
Telephone Allowances	14,580,000	-
Electricity Allowances	11,840,000	-
Transport Allowances	22,400,000	-
Acting Allowances	16,390,000	-
Staff medical allowance	250,000	200,000
Substance allowances	3,508,000	0
Honorarium	6,150,000	3,715,700
staff leave	3,759,638	1,283,342
	628,480,012	467,510,796

The increase in Wages, Salaries and Employee Benefits in current year compared to prior year is due to the fact that new employee transferred to Tanzania Sisal Board whose salaries & Employee benefit constituted that increament. Also during this year some staff were paid Telephone allowance, Electricity allowance, Transport allowance and Acting allowance which was not the case in prior year.

12 SUPPLIES AND CONSUMABLES

	2021/22 TZS	2020/21 TZS
Fuel and oil expenses	32,623,995	33,978,080
Vehicle Repairs expenses	15,206,188	10,522,174
Directors fees and allowances	66,507,800	81,451,233
Audit fees	22,800,000	17,600,000
Board meeting expenses	38,962,600	32,350,000
Other meetings expenses	19,120,482	47,000
Seminar and conferences	0	1,000,000
Distribution of Sisal seedling	163,213,790	
Transport and travelling	215,311,692	176,798,253
Equipment repair	1,316,500	369,000
Office furniture repair	351,500	489,000
Telecommunications and postages	2,512,171	12,938,843
Printing and stationery	8,354,169	8,180,141
Water and electricity	3,929,370	13,394,673
Withholding tax expenses	5,854,911	3,122,112
Cleaning expenses	4,305,811	2,512,500
Advertisement and publicity	12,154,360	18,022,642

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Loss on disposal of fixed assets	60,873	-
Sisal nursery expenses	-	8,285,600
Office maintenance	1,029,500	1,968,500
Housing Repair & maintenance	10,657,287	11,446,300
Extra duty allowance	9,930,000	3,672,089
Subscriptions and donations	16,270,000	2,610,000
Bank charges	2,384,180	2,023,307
Burial expenses and condolences	2,000,000	4,210,000
Entertainment	21,771,700	15,196,900
Estate survey & measurement expenses	57,171,400	11,692,200
Legal and professional fees	1,230,000	4,877,500
Land rent	-	1,848,195
Business promotion	102,468,789	34,400,717
Security Guard Expenses	26,386,000	10,114,517
Postal expenses	1,135,706	651,076
	<u>865,020,774</u>	<u>525,772,552</u>

Note:

For cash flow purpose in 2021/22, Cash paid less loss disposal of fixed assets is TZS 864,959,902.

13 OTHER RECEIPTS

	2021/22 TZS	2020/21 TZS
Increase in Payable and Accruals	-	127,757,860
Adjustment overstated liabilities	-	7,184,467
	<u>-</u>	<u>134,942,327</u>

14: OTHER PAYMENTS

	2021/22 TZS	2020/21 TZS
Increase in Accounts receivables (Notes 3)	13,171,583	46,101,957
	<u>13,171,583</u>	<u>46,101,957</u>

15: TAXATION

Provision for taxation has not been made in the financial statements because the Board is exempt from tax on its income, which is mainly grants and donations.

16: CONTINGENT LIABILITIES.

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There were no contingent liabilities as at 30 June 2022.

17: CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2022.

18: PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped whenever necessary to make them comparable with those of the current year.

19: RELATED PARTY TRANSACTIONS

During the year under review, the Board incurred expenditure amounting to TZS 210,363,300 in respects of related parties as follows:-

Descriptions	Amount (in TZS)
Key Management Personnel Salaries	95,400,000
Key Management Personnel Allowances	68,880,000
Directors Fees	46,083,300
Total	210,363,300

During prior year ended 30 June 2021, the Board incurred expenses amounting to TZS 222,780,000 in respects of related parties out of which Key Management Personnel Salaries was TZS 95,400,000 Key Management Personnel Allowances was TZS 68,880,000 and Directors Fees was TZS 58,500,000

20: PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped whenever necessary to make them comparable with those of the current year

21: Reconciliation of Net cash flows from Operating activities to Surplus/(Deficit)

Details	2021/22	2020/21
	TZS	TZS
Surplus/(deficit) from ordinary activities	93,390,259	(119,637,060)
Non cash Movements		
Depreciation	4,785,490	4,703,792
Amortization of capital grant	(2,356,205)	(2,356,205)
(Increase)/ Decrease in Account receivables	(13,171,610)	(46,101,957)
Increase in Account payables	147,984,872	127,757,860
Prior year adjustment (Refer to Statament of Changes in Net Assets)	-	7,184,467
Loass on Disposal of Non-Current Assets	60,873	
Net cash flows from operating activities	230,693,679	(28,449,103)

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22:Explanatory Notes

- 1) Caused by new employee transferred to Tanzania Sisal Board whose salaries & Employee benefit amounted to TZS 130,235,238.
- 2) Caused by effort made by management in the collection of own source revenue as shown in the table below:-

S/N.	REVENUE ITEMS	BUDGET-TZS	ACTUAL COLLECTION-TZS	DIFFERENCE-TZS
1	Land rent	226,400,000.00	277,594,032.00	51,194,032.00
2	Sisal Inspection fee	40,200,000.00	73,230,000.00	33,030,000.00
	Sisal Trade licenses	49,000,000.00	73,550,000.00	24,550,000.00
3	Housing Rent	20,400,000.00	80,537,037.00	60,137,037.00
4	Stakeholders Meeting contribution			32,590,000.00
5	Miscellaneous receipts			15,240,500.00
		TOTAL		218,414,069.00

- 3) Caused by new employee transferred to Tanzania Sisal Board result to increase in salaries & employment benefits however the same due accrual basis account some of them were not actual cash payment.
- 4) Some of Supplies budgeted were not purchased due to insufficient fund.