



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



ISO 9001:2015 Certified

TANZANIA SISAL BOARD (TSB)

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

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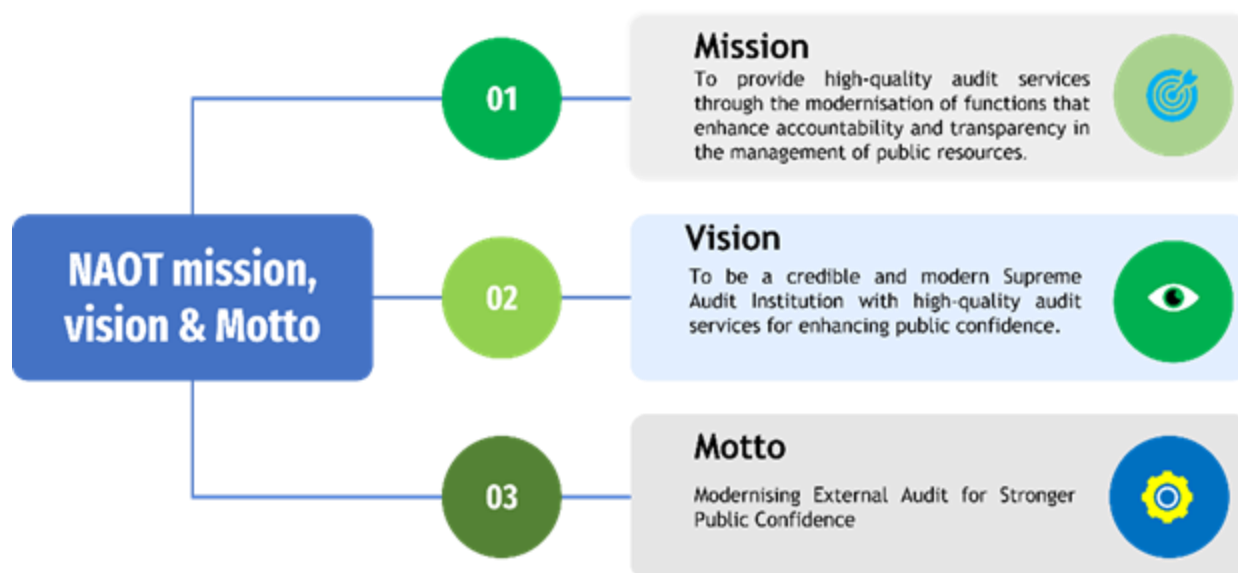
March 2024

AR/PA/TSB/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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Abbreviations

AGITF	Agricultural Inputs Trust Fund
AIDS	Acquired immunodeficiency syndrome
AMCOS	Agricultural Marketing Cooperative Societies
CAG	Controller and Auditor General
CPA	Certified Public Accountant
HIV	Human immunodeficiency virus
ICT	Information and Communication Technology
IIPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
IPSAs	International Public Sector Accounting Standards
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
NBAA	National Board of Accountants and Auditors
PSSSF	Public Services Social Security Fund
TFRS	Tanzania Financial Reporting Standards
TSB	Tanzania Sisal Board
TZS	Tanzanian Shilling

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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 2023, 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 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of 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.

Emphasis of Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Note 9 of the financial statements indicates the value of properties, plants and equipment. It is important to note that the value of certain buildings and machinery owned by the Tanzania Sisal Board could not be precisely determined at the time of preparing these financial statements. Consequently, these assets has not been included in the current financial statements pending a formal valuation.

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Key Audit Matters

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

No.	Key audit matter	How my audit addressed the key audit matter
1.	Valuation of Unrecorded Lands Assets	
	In my audit of the Tanzania Sisal Board for the financial year ended 30 June 2023, I identified a significant matter relating to the exclusion of substantial assets, including buildings, land, and machinery, from the Board's books of accounts. The omission of these substantial assets, especially the land holdings, is of significant concern due to the potential material impact on the Board's financial position. Accurately valuing these assets is critical for presenting a true and fair view of the Board's financial status.	To address this issue, I obtained a detailed list of the Board's farms and plots. Given the difficulties in valuing buildings and machinery, I guided the management on utilizing the indicative market prices issued in 2016 by the Ministry of Land to get the value of land, as described in Note 9 of the financial statements. This approach allowed for a reliable estimate of the market value of the land assets. Based on the procedures conducted in my audit, the valuation of the Board's land assets using the indicative market prices was a significant factor in understanding the Board's financial position as of 30 June 2022. The results of this valuation have been properly incorporated into the financial statements, enhancing the transparency of the Board's asset base. I believe that the audit procedures I performed in this area were both sufficient and appropriate for the circumstances.

Other Information

Management is responsible for the other information. The other information comprises the report of those charged with governance, statement of director's 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

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the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 [R.E 2022] requires me to state in my annual audit report whether 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 the procurement of works, goods, and services in the Tanzania Sisal Board for the financial year 2022/23 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 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of 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 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1 INTRODUCTION

The Board of Directors is pleased to submit the annual report together with the Financial Statements for the year ended 30 June 2023, which disclose the state of affairs of the Board. The report of those charged with governance has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS 1) No. 1, The Report of Those Charged with Governance.

2.2 ESTABLISHMENT

Tanzania Sisal Board (TSB) 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. The address of the registered office is:

Mkonge House
Independence Ave/Usagara Str.
P.O. Box 277,
Tanga City,
Tanzania

2.3 VISION STATEMENT

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

2.4 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.

2.5 CORE VALUES

On its course to attain its vision, TSB's staff observe and adhere to the followings core values: Objectivity;

- (i) Excellence;
- (ii) Friendship;
- (iii) Culture;
- (iv) Purpose;
- (v) Innovation;
- (vi) Best resources utilization;
- (vii) Integrity; and

(viii) Respect.

2.6 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.

2.7 STRATEGIC OBJECTIVE OF THE BOARD

TSB has five strategic objectives as follows: -

- (i) Service improved and HIV/AIDS infections in the sisal sector reduced;
- (ii) Effective implementation of ant corruption strategy in the sisal sector enhanced;
- (iii) Capacity of TSB to deliver services improved;
- (iv) Production and productivity in sisal sector improved; and
- (v) Promotion and sisal marketing information strengthened.

2.8 EMPLOYEES

During the year under review, TSB had a total number of 36 employees compared to the requirement 56 employees. Hence, at the end of the financial year 30 June 2023 had a vacant of twenty 20 employees.

2.9 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 act has given the Board of director a mandate to

- Appoint officers and employees of the Board as it may deem necessary for the proper and efficient conduct of the business and activities of the Board.
- Appoint and employ, upon such terms and conditions as it thinks fit such agents and contractors of the Board as it deems necessary.
- Approve the annual budget or any supplementary budget of receipts and expenditure, the annual balance sheet,
- May borrow money for the use by Board
- Approve the annual report and financial statements

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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No.	Name of Board Member	Title	Age	Qualification	Date of Appointment
1	Mariam Alu Nkumbi	Chairperson	64	Economist	20 January 2022
2	John Linus Banzi	Member	64	Agricultural Economist	3 June 2020
3	Mohamed Abas Fundikira	Member	64	Tax Management	3 June 2020
4	Thabit Omari Dokodoko	Member	41	Financial Analyst	3 June 2020
5	Dr Catherine Justin Senkoro	Member	61	Agriculturalist	3 June 2020
6	Hashim Salim Kimomwe	Member	60	Agricultural Economist	3 June 2020
7	Steven Steven Alfred-Deceased	Member	54	Economist	3 June 2020
8	Marko Grayson Nnyari-Deceased	Member	70	Agriculturalist	3 June 2020
9	Saddy Hamis Kambona	Secretary	48	Law	3 June 2020

All Board members are citizens of Tanzania and are non-executive except the Secretary Saddy Hamis Kambona who is the Director General responsible for management of day-to-day activities of Tanzania Sisal Board.

The members of the Board were appointed on various dates to assume their responsibilities for a period of three years and were required to hold at least four statutory meetings in a year.

During the year under review, the Board held three ordinary meetings and none extra ordinary meetings, through which it transacted and approved various issues including the following: -

- (i) Years Budget 2023/24;
- (ii) Mkonge Tower Project; and
- (iii) Agriculture Equipment Project

The following were a brief description of each of three ordinary Board meetings discussions and key decisions

A. 43rd Board Meeting

- i. **The sisal Bord trust fund.** The Board was informed that the trust fund was revived by paying all dues and penalties to RITA. Furthermore, improvements to the Fund's Constitution began and are ongoing in collaboration with RITA officials. The Board instructed the management to provide information of the development of trust fund on each Board meeting
- ii. **Sisal processing project for small farmers.** The management informed the Board that they were in communication with one of the architect to make a machine and until September 2022 there were a request of three machines with capacity of processing 40 meta per day. The Board decided that the management to continue looking for the competent personel who will able to invent the machines as well as follow up the promise by Deputy Minister of procurement of three machines

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- iii. **Identification for small farmers.** The Board was informed that the farmers information are keeping on being improved. The Board instructed the management to state the number of farmers that their information have been captured and their farm sizes

B. 44th Board Meeting

- i. Implementation of Prime Minister instructions. The Board was informed that it has implemented the instruction of the Prime Minister which given during visit as follows
 - a. Distribution of farms; By October 2022, a total of 983 farmers have been allocated farms in government farms located in the Tanga region with an area of 2,282 acres;
 - b. Sisal planting; The sisal industry in the country until October 2022 has succeeded in planting a total of 62,729.64 hectares, of which 42,385.08 hectares have been planted by large farms and 20,344.56 hectares have been developed by small-scale farmers.
 - c. Seed distribution A total of 6,991,200 seeds have been distributed compared to the target of distributing 2,500,000 seeds in 16 districts which are Korogwe, Muheza, Tanga City, Mkinga, Handeni, Kilindi, Rorya, Bunda, Butiama, Bariadi, Chalinze, Kisarawe, Mkuranga, Itigi, Rural Singida, and Mkalama.

The Board directed that

- a. Implementation Report on the Directives of the Honorable Prime Minister should include all directives as per the implementation letter of those instructions, with comparative statistics involving data from Local Government Authorities, Private Farmers, and Agricultural Marketing Cooperative Societies (AMCOS).

C. 45th Board Meeting

- i. Government farm report in Arumeru district, Arusha region. The Board was informed that the Government of the United Republic of Tanzania through the Ministry of Lands, Housing, and Human Settlements Development compensated the former investor of the Tanzania Plantation Ltd farm, which covers an area of 6,176.5 acres located in Arusha region. The farm includes a 770-acre area with mature sisal ready for harvesting. In July 2022, the Government assigned the Tanzania Sisal Board the task of harvesting the sisal and remitting a portion of the proceeds to the Government. The harvesting and processing of the sisal were scheduled to commence on August 1, 2022. Similarly, to enhance the efficiency of the project, the management proposed the establishment of a company named New Tasma Tanzania Ltd. The Board directed the management should proceed with the development procedures for the farm as well as the management should follow the procedures for the establishment of New Tasma Tanzania Ltd as proposed.
- ii. Agriculture Equipment Project. The Board was informed of the Ministry of Agriculture's directive to establish joint sisal farms for increased production and Management said it faces challenges due to a lack of agricultural tools, hindering farm development. They propose negotiating with AGITF for a loan to acquire necessary equipment for sisal cultivation projects. The Board directed Management to continue negotiations with the AGITF Fund to acquire the necessary agricultural tools

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- iii. Mkonge Tower project. The Board was informed about the progress and efforts of the management to reclaim misappropriated assets, specifically a building at Plot No. 66, Soko/Usagara Street unlawfully sold. Despite challenges in retrieving the property's title deeds due to a loan secured by the building, Management proposes demolishing existing structures to construct a commercial building named "Mkonge Tower/Complex." They recommend negotiations with CRDB Bank or other banks to facilitate investment and consolidation of debt for the new project. The Board directed Management to request the relevant bank to repay the loan debt (Principal Amount) without interest and also Management to submit a report on the implementation of communications and the progress made in Board Meeting 46.

2.10 CORPORATE GOVERNANCE

TSB has a functioning corporate governance structure of which the Board of Directors is the ultimate decision-making organ responsible for the strategic direction. It is the responsibility of the Board to ensure that the Management adheres to the principals of good corporate governance. As such, the Board directs the activities of the Board through both ordinary and extra-ordinary meetings to approve and direct the activities which are later implemented by Management and subsequently followed in the upcoming Board meetings.

As mentioned above, the Board is supported by two Committees to execute its duties. Which were

i. Human Resources, Administration, and Crop Development

The primary function of the Human Resource and Good Governance Committee is to assist the Board of Directors in fulfilling its responsibilities for establishing effective and efficient human resource management system and Governance , to provide leadership and direction in Human Resources and Administration, Estate Management, legal and public relations matters, to institute effective internal control systems in management of estates, to formulate policies, strategies, regulations and guidelines in Human Resources and Administration, Estate Management, legal and public relations matters; and to institutionalize, monitor and evaluate performance management systems of the board.

In addition to these accountabilities and responsibilities, the Committee shall perform the duties required of a Human Resource and Good Governance Committee by the Sisal Industry Act: -

- a. To give legal advice and assist the Board in interpretation of sisal industry laws, contracts and various agreements which will be entered.
- b. To analyze all information related to legal matters and to clarify before the Board when the need arises.

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- c. To discuss and recommends to the Board in issues relating to discipline, employment, promotion, training, organization structure, schemes of service, salary structure, staff service regulations, financial regulations, collective agreements, condolences, loans, compensation, incentive scheme, allowances and staff matters
- d. To review and analyze reports on tenancy and rehabilitation of TSB buildings and general estate management and advice to the Board accordingly.
- e. To discuss and to recommends in all matters pertaining to cooperation and public relations to the Board.

ii. Finance and Audit Committee

The Finance and Audit committee provides an oversight of the Tanzania Sisal Board functions on audits and finance related matters. The committee should be closely involved in the audit and financial controls should be briefed both before and after the audit by the auditors, and should do executive sessions with the auditors and without management. If issues come up during the audit that requires Board attention, the audit committee and the audit committee chair are the right place to discuss them with the auditors. In addition to these functions and responsibilities, the Committee shall perform the duties required of the Finance and Audit committee by the Sisal Industry Act: -

- a. To review and test different internal controls
- b. To review and test institutional risk management systems if it complies with legal frameworks;
- c. To review and report on implementation of audit queries responses and report to the Board;
- d. To review and analyze financial reporting system of the Board;
- e. To review and approve internal audit strategies of the Board;
- f. To review, scrutinize and report internal and external audit findings and suggest best ways of resolving audit findings/queries;
- g. To review proposed amendments on financial procedures and value for money;
- h. To make follow up on the financial reporting of the Board;
- i. To participate in preparation of different proposed bills concerning the sisal industry and advice the Board accordingly; and
- j. To review and analyze procurement reports if complies with procurement procedures and laws and advice to the Board accordingly.

2.11 CAPITAL STRUCTURE AND TREASURY POLICY

2.11.1 CAPITAL STRUCTURE

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Tanzania Sisal Board is owned by the Government of Tanzania and is composed of Capital Funds, Government Grants and Accumulated Surplus.

2.12 ENTITY OPERATING MODEL

2.12.1 INPUTS

Inputs consist of resources which the Board uses to accomplish its tasks as provided hereunder;

- i) Social and Relationship Inputs;
- ii) Human and Intellectual Input;
- iii) Manufactured Inputs; and
- iv) Financial Inputs.

2.12.2 Operating activities

Operating activities consist of TSB's key business activities as defined in the Sisal Industry Act No.2 of 1997. These activities are highlighted in TSB's Strategic Plan and include the following;

- i) Regulation and Promotion of the Sisal Industry in Tanzania and
- ii) Carrying out shared functions, including external services, marketing, and research.

2.12.3 OUTPUT AND OUTCOMES

Outputs and related Outcomes consist of key products and services as provided hereunder;

2.13 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.13.1 Performance

The Tanzania Sisal Board (TSB) experienced an improvement on its financial in the year ending June 30, 2023 whereby the revenue from own sources increased by 27% from TZS 549,703,197 in prior year to TZS 696,254,557 in the current year. Revenue from non-exchange transactions also increased to TZS 1,357,319,910 compared to TZS 747,394,355 in the financial year 2021/22, primarily due to increased government funding, which highlights the government's support for TSB's initiatives.

TSB reported increased expenses in the year ended 30 June 2023 where by sisal development and promotion expenses increased by 80% to TZS 990,406,608 (TZS 550,320,031 : 2021/22), wages, salaries, and employee benefits increased by 54% to TZS 973,586,938 (TZS 633,250,012 : 2021/22), repair and maintenance increased by 37% to TZS 39,102,080 (TZS 28,560,973 : 2021/22), depreciation of property plant and equipment increased by 486% to TZS 38,781,558 (TZS 6,587,141 : 2021/22). All these reflecting strategic expansion and a commitment to operational capabilities.

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Despite the increase in expenses, the TSB effectively managed general and administrative costs which decreased by 5% to TZS 227,276,935 (TZS 240,330,731 : 2021/22) and supplies and consumables used which decreased by 2% from TZS 40,978,164 in prior year to TZS 40,140,980 in the current year both demonstrating financial prudence and operational efficiency.

In summary, the Tanzania Sisal Board achieved notable financial performance in the year ending 30 June 2023. The revenue from both non-exchange and exchange transactions increased significantly, driven by increased government funding and successful revenue generation efforts. The Board also incurred higher expenses in sisal development and promotion, wages, salaries, and employee benefits due to strategic expansion. However, the Board effectively managed general and administrative costs, repair and maintenance, depreciation of property plant and equipment, and supplies and consumables used, showcasing financial prudence and operational efficiency.

2.13.2 Financial Position

TSB experienced significant increase in its cash and cash equivalents, with an increase from TZS 59,223,676 in the financial year ended 30 June 2022 to TZS 1,137,859,119 in the financial year ended 30 June 2023. This growth was primarily due to unspent funds allocated for development initiatives.

The accounts and other receivables position of the Board have increased from TZS 266,000,775 in 2021/22 to TZS 617,788,064 in 2022/23. The increase was driven by prepayments to GPSA, of two motor vehicles which the Board had paid for but they were not delivered yet. revenue recognition changes, and receivables from land and property rent.

TSB's property, plant, and equipment slightly increased to TZS 616,465,653,761 in 2022/23 (TZS 615,800,371,804 : 2021/22) which included procurement of assets and reclassification of Mkonge House as a building from previously recorded as Work in Progress

Accounts and other payables increased to TZS 2,713,056,565 in 2022/23 compared to TZS 2,441,099,366 in 2021/23 attributed by increased in terminal benefits and advances received. The higher payable is reflecting the recognition of land rent liabilities which amounted to TZS 1,251,357,185 in both years.

The TSB received notable development grants amounting to TZS 1,918,440,613 and effectively managed these funds to support its strategic objectives. Deferred capital grants also increased to TZS 1,089,617,261 in 2022/23 (TZS 651,725,619 : 2021/22), The Taxpayers Fund remained unchanged at TZS 615,984,991,963, with a restatement to include government-provided assets.

The TSB's accumulated surplus deteriorated in 2022/23 by TZS 255,720,632 from TZS accumulated deficit of TZS 2,423,549,708 I 2022/23 to accumulated deficit of TZS 2,679,270,340 due to increased consistent deficit in their performance

2.13.3 Cashflow Position

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The cashflow position of the organization improved significantly and this is due to the increased government support and funding as well as increased revenue collection. To fund received in 2022/23 was TZS 3,450,125,182 compared to TZS 1,589,319,711 in 2021/23. But the the cash balance at the end of financial year 2022/23 was highly improved having a balance of TZS 1,137,859,119 as of 30 June 2023 compared to TZS 59,223,676 of the financial year 2021/22.

The higher balance was because TSB was expecting to procure and install one sisal processing machine which was estimated to cost around TZS 900,000,000 and TZS 1,000,000,000

2.14 ACHIEVEMENTS, CHALLENGES AND WAY FORWARD-PLANNING

2.14.1 Achievements of the Tanzania Sisal Board in 2022/2023

During the financial year 2022/23, the Tanzania Sisal Board (TSB) made significant strides towards its strategic objectives for 2022/23, achieving notable successes:.

- i). **Improved Working Environment:** Enhancements were made in areas such as telephone and internet services, security, stationery, utilities, and timely salary payments to contract workers;
- ii). **Farmer Training:** Successfully conducted training for 1,021 out of the targeted 2,000 farmers;
- iii). **Regional Promotion:** Extended promotional activities to five regions - Tanga, Kilimanjaro, Morogoro, Coast, and Arusha;
- iv). **Market Linkages for Smallholder Farmers:** Linked 2,330 smallholders from various districts to local markets and connected nine companies to export markets;
- v). **International Exposure:** Participated in international farmers' exhibitions in Qatar, opening new market opportunities for sisal fibre and products;
- vi). **Production Increase:** Produced 45,551.84 tons of fibres and 1,425.34 tons of products, an increase from the previous year's production of 44,151.07 tons of fibre and 3,271.24 tons of sisal products;
- vii). **Enhanced Inspection:** Inspected 36,825.77 tons of fibre, up from 30,848.10 tons in the previous year;
- viii). **Export Market Growth:** Increased export of fibre and products from 33,093.83 tons to 38,001.98 tons;
- ix). **Expanded Estate Inspections:** Inspected 22 sisal estates, an increase from 13 estates the previous year;
- x). **Land Development:** Developed a total of 67,613.67 hectares, surpassing the previous year's 61,267.66 hectares; and
- xi). **Sisal Processing Initiation:** Began sisal processing at a government farm in Arusha, producing 55.5 tons of fibre.

2.14.2 Challenges Encountered in 2022/23

While the Tanzania Sisal Board achieved significant milestones in the 2022/23 fiscal year, it also faced several challenges that impacted its operations:-

TANZANIA SISAL BOARD (TSB)

- (i) Inadequate budget;
- (ii) Revoked farms to be under district councils and remain undeveloped for quite long time; and
- (iii) Inadequate number of staff.

2.14.3 The Way Forward

During implementation, the following are the way forward of encountering the challenges: -

- i). **Inadequate Budget:** The Board experienced constraints due to an inadequate budget, which limited its ability to fully implement planned activities and projects;
- ii). **Revoked Farms and Development Delays:** There were challenges associated with farms revoked to be under district councils, leading to prolonged periods of underdevelopment. This situation posed difficulties in optimizing the use of these lands for sisal cultivation and related activities; and
- iii). **Staffing Shortages:** The Board encountered challenges due to an inadequate number of staff, which affected the efficiency of its operations and the implementation of its strategic objectives.

2.15 FUTURE DEVELOPMENT PLANS

For the financial year 2023/24, TSB focuses on the following major areas:-

- (i) To procure agriculture machineries for facilitating block farms development; and
- (ii) To facilitate procurement of one decorticator machine and its infrastructures development

2.16 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

Principal Risks

a) Risk Associated with service delivery

SN	Risk	Implication	Mitigation
1	Lack of zonal offices to the respective zones	Presence of unregistered stakeholders	Opportunity to expand regulatory areas to our customers
2	Absence of client service charter	Noncompliance to laws and regulations	Existence of customer care training program
3	Inappropriate issuance of regulatory opinion	Fulfilling customers' expectation	Opportunity to harness ICT in regulatory services

b) Financial and Human Resources Risk

TANZANIA SISAL BOARD (TSB)

SN	Risk	Implication	Mitigation
1	Lack of comprehensive induction courses	Reduced Employee Productivity: Poor Employee Engagement	Available training opportunities within and outside the country
2	Insufficient technical staff	Reduced Innovation and Competitiveness Delayed or Stalled Projects.	Opportunities for new recruitment
3	Late promotion of staff	Lower morale to staffs which in turn may lead lower productivity	Existence of emerging ICT services
4	Inadequate financial resource	Difficulty in Attracting and Retaining Talent Inability to Meet Financial Obligations	Opportunities of sharing knowledge and experience with other Board

Uncertainties

- (a) The Board has inadequate number of personnel such that it is difficult to carry out all of its functions as set out in the Sisal Industry Act and other Government directives.
- (b) The Board lacks adequate working tools to support its regulatory functions smoothly.
- (c) Total dependence on government subventions to support the Board's functions and lack of own sources of income have made it not to perform its regulatory roles fully.

Opportunities

- (a) Favourable political will to support the Agricultural sector and Sisal industry at large as stated in the ruling party Election Manifesto, Tanzania Development Vision 2025, the Five Years Development Plan III, MKUKUTA III Strategy, Tanzania ya Viwanda Strategy and Millennium Development Goals;
- (b) Favourable market condition aspect as evidenced by a growing demand for Sisal and Sisal products both within and outside the Country. This fact coupled with the present and envisaged better prices have continued to attract investors into the industry.
- (c) There is an existing positive social trend in the industry because the crop has now been accepted by the indigenous population who are already actively engaged in small scale sisal growing and more are aspiring to become smallholder farmers in various parts of the country. This is contrary to the previous thought that the crop was solely grown in estates and traded by foreigners only; and
- (d) Favourable technological advancement such that it is now possible to utilize sisal residue to generate biogas, bio-fertilizers, and other useful products. The replication of this technology will boost household and national incomes by cutting overheads and selling of excess power to the National Grid. Also, a huge opportunity exists in the production of new

TANZANIA SISAL BOARD (TSB)

products such as agave syrup, inulin, bio ethanol, composites and pulp for the paper industry.

2.17 STAKEHOLDERS' RELATIONSHIP

TSB has internal and external stakeholders. The internal and external stakeholders' need certain services from TSB and they have expectations in quality levels of the services to be offered. Generally, TSB offers internal services to staff as well as offering services to Sisal and other external stakeholders in terms of regulations, policy, consultancy, information, etc. The list of stakeholders, expected services and expectations are detailed below:-

No	Stakeholder	Relationship	Impact
1	The Government	Ensuring laws and regulations governing the sisal industry are observed	High
2	Farmers	Ensured quality and good crop husbandry practices are provided efficiently and effectively.	High
3	Donors	Ensured Conformity to the terms of agreed contracts on approved loans/ grants	High
4	Investors	Ensured conducive environment	High
5	Traders	Ensured conducive business environment	Medium
6	Associate Members - importers of machines and parts	Ensured Link with farmers, factory owners and Processors.	Medium
7	Research Institutions	Technical and financial collaboration in carrying out Research.	Medium

2.18 KEY PERFORMANCE INDICATORS

SO2: Strategic Objective	Strategy	Targets	Performance Indicator
Service on HIV/AIDS Infections in the sisal sector Improved	New infections reduced and awareness to 36 TSB Staff on HIV/AIDS in Sisal subsector by 2023	To conduct awareness to 40 TSB Staff on HIV/AIDS	Perception of staffs and estate workers on the quality of HIV and AIDS programs.
		To support nutritious supplements to at least 2 staff living with HIV/AIDS	Perception of people living with HIV and AIDS on quality of supportive services
Effective implementation of anti-corruption strategy in the sisal sector enhanced	Awareness against corruption to 36 TSB staff by 2023	To conduct awareness program on corruption matters to 36 TSB staffs	Number of awareness program implemented.
Capacity of TSB to deliver services improved	Employees Statutory Entitlements and working environment	To facilitate the working environment to 40 TSB staff	Staff perception on TSB working environment and Labour turnover rate

TANZANIA SISAL BOARD (TSB)

SO2: Strategic Objective	Strategy	Targets	Performance Indicator
	facilitated by June 2023		
Production and Productivity in the Agricultural sector Improved	Production and productivity in the Sisal Industry increased by 20% by 2023	To conduct leaf potential assessment to 8,000 sisal farmers by June 2023	Number of hectares under sisal and number of decorticators developed
		To conduct inspection visits to 39 sisal estates, 6 spinning mills and 8,000 sisal smallholder farmer's by June 2023	Number of farmers and spinning mills inspected
		To conduct training on sisal agronomy and fiber quality to 39 sisal estates and 8,000 sisal smallholder farmer's by June 2023	Number of farmers given training,
		To conduct inspection visits to 6 exit points by June 2023	Number of tons exports recorded
Promotion and Siasal Marketing information strengthened	Awareness promotion in Sisal sector to 16 regions Enhanced by 2023	To link 2,400 sisal farmers with reliable sisal market by 2023	i. Increased sisal production, ii. Number of new emerging farmers, and iii. Level of public awareness on sisal potentials
		To participate in Dar es salaam international trade fair, industrial exhibition and Tanga trade fair annually	
		To promote use of sisal products (agricultural twine and sisal bags) annually	

2.19 APPOINTMENT OF AUDITORS

The Controller and Auditor General is the statutory auditor of Tanzania Sisal Board Article 143 of the Constitution of the United Republic of Tanzania, and as amplified in Section 32(4) of the Public Audit Act. (No.11) of 2008. However, in accordance with Section 33 (1) of the Act, Ecla Africa Consult was authorized to carry out the audit of the Board for the year ended 30 June 2023 on behalf of the Controller and Auditor General.

2.20 RESPONSIBILITY OF THE AUDITOR

The responsibility of the Auditor is to obtain reasonable assurance about whether financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an independent audit opinion.

2.21 POLITICAL AND CHARITABLE DONATIONS

During the year 2022/23, TSB made a donations amounting TZS 10,000,000 to the Ministry of Agriculture

2.22 EMPLOYEES WELFARE

(a) Management and Employees' Relationship

There was continued good relationship between Employees and Management for the year 2022/23. 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, marital status, tribes, region and disability which does not impair ability to discharge duties.

(b) 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 2022/2023 the Board incurred TZS 19,010,419 (2021/22: TZS 12,108,240) for Staff medical expenses.

(c) Staff Training

Due to the budget constraints for the year 2022/23 the Board managed to send 6 staff for training out of 36 employees budgeted. During this year under audit that ended 30 June 2023, the Board spent TZS 16,333,750 for Staff Training (TZS 5,160,000: 2021/22)

(d) Social security contributions

TSB operates defined contribution plans, where contributions are made to PSSSF where employer contribute 15% and employees contributes 5% each to the fund.

2.23 DISABLED PERSONS AND GENDER BALANCE

a. Disabled Person

The recruitment policy of the Board does not discriminate against persons with physical disabilities. There are persons with disabilities among the employees. Similarly, under the Workman Compensation Act, the board has a workman compensation fund for employees who become disabled while in service.

b. Gender

TANZANIA SISAL BOARD (TSB)

TSB is a gender equal employer and gender balance has been maintained. The TSB 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 regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. During the year under review TSB had a total of 36 employees of which 10 are females and 26 are male compared to 27 employees prior financial year (4 female : 23 males)

2.24 PREJUDICIAL ISSUES

During the year 2022/23 TSB had pending legal case. refer to the note 29 of the financial statements

2.25 STATEMENT OF COMPLIANCE

The report by those charged with governance and financial statements of the TSB have been prepared in accordance with the Tanzania Financial Reporting Standards 1 and comply with the International Public Sector Accounting Standards (IPSAS) and Generally Accepted Accounting Principles. The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of the Board.

BY ORDER OF THE BOARD

.....
GERALD GEOFFREY MWELI

Date:

PERMANENT SECRETARY

MINISTRY OF AGRICULTURE

TANZANIA SISAL BOARD (TSB)

3.0 STATEMENT OF RESPONSIBILITIES 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 2023, 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 audited financial statements of the Board, as indicated above, were approved by the Board of Directors on

.....
GERALD GEOFFREY MWELI

Date:

PERMANENT SECRETARY

MINISTRY OF AGRICULTURE

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, **CPA EVANCE F. BAHATI**, Principal Accountant responsible for Finance and Administration hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 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: CPA EVANCE F. BAHATI
Position: Principal Accountant
NBAA Membership No: ACPA 1735

Date:

TANZANIA SISAL BOARD

5.0 FINANCIAL STATEMENTS

5.1 THE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		<u>2022/23</u>	<u>2021/22</u>
	<u>NOTES</u>	TZS	TZS
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,137,859,119	59,223,676
Account and other receivables	7	259,564,564	266,000,775
Prepayments	8	358,223,500	-
		<u>1,755,647,183</u>	<u>325,224,451</u>
Non-Current assets			
Property, Plant and equipment	9	616,465,653,761	615,800,371,804
Work in progress	10	16,867,030	585,613,815
		<u>616,482,520,791</u>	<u>616,385,985,619</u>
Total assets		<u><u>618,238,167,974</u></u>	<u><u>616,711,210,070</u></u>
LIABILITIES			
Current liabilities			
Deferred government grants	11	1,129,772,525	56,942,830
Accounts and other payables	12	2,713,056,565	2,441,099,366
		<u>3,842,829,090</u>	<u>2,498,042,196</u>
Non-Current Liabilities			
Deferred capital grant	13	1,089,617,261	651,725,619
Total liabilities		<u>4,932,446,351</u>	<u>3,149,767,815</u>
Net assets		<u><u>613,305,721,623</u></u>	<u><u>613,561,442,255</u></u>
NET ASSETS			
Taxpayer's fund	14	615,984,991,963	615,984,991,963
Accumulated surplus/(deficit)	15	(2,679,270,340)	(2,423,549,708)
Total		<u><u>613,305,721,623</u></u>	<u><u>613,561,442,255</u></u>

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

 GERALD GEOFFREY MWELI
 PERMANENT SECRETARY
 MINISTRY OF AGRICULTURE

 DATE

 SADDY KAMBONA
 DIRECTOR GENERAL

TANZANIA SISAL BOARD

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		<u>2022/23</u>	<u>2021/22</u>
	NOTES	TZS	TZS
Revenue from non-exchange transactions	16	1,357,319,910	747,394,355
Revenue from exchange transactions	17	696,254,557	549,703,197
		<u>2,053,574,467</u>	<u>1,297,097,552</u>
Expenditure			
Sisal development and promotion costs	18	990,406,608	550,320,031
General & administrative costs	19	227,276,935	240,330,731
Wages, salaries and employees' benefits	20	973,586,938	633,250,012
Repairs and maintenance	21	39,102,080	28,560,973
Depreciation and amortization	22	38,781,558	6,587,141
Supplies and consumables used	23	40,140,980	40,978,164
		<u>2,309,295,099</u>	<u>1,500,027,052</u>
Surplus (Deficit)/ for the year		<u>(255,720,632)</u>	<u>(202,929,500)</u>

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

 GERALD GEOFFREY MWELI
 PERMANENT SECRETARY
 MINISTRY OF AGRICULTURE

 DATE

 SADDY KAMBONA
 DIRECTOR GENERAL

TANZANIA SISAL BOARD

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

	TAXPAYERS FUND	ACCUMMULATED SURPLUSES	TOTAL
	TZS	TZS	TZS
At 01 July 2022	615,984,991,963	(2,423,549,708)	613,561,442,255
Prior year adjustment		-	-
Deficit for the year		(255,720,632)	(255,720,632)
At 30 June 2023	615,984,991,963	(2,679,270,340)	613,305,721,623
At 01 July 2021	250,731,963	(418,104,859)	(167,372,896)
Addition taxpayer fund	615,734,260,000	-	615,734,260,000
Prior year adjustment		(1,802,515,349)	(1,802,515,349)
Deficit for the year		(202,929,500)	(202,929,500)
At 30 June 2022	615,984,991,963	(2,423,549,708)	613,561,442,255

TANZANIA SISAL BOARD

5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		<u>2022/23</u>	<u>2021/22</u>
	NOTES	TZS	TZS
Operating activities			
<u>Receipts</u>			
Government grants	24	1,918,440,613	493,528,880
Other charges	16	173,341,850	72,710,395
Personnel emoluments	16	776,258,784	473,316,366
Revenue from exchange transactions	25	582,083,937	549,764,070
		<u>3,450,125,184</u>	<u>1,589,319,711</u>
<u>Payments</u>			
Sisal development and promotion	18	990,406,608	550,320,031
Payment for general and administrative costs	26	292,952,129	117,571,373
Wages, salaries and employees' benefits	27	873,571,214	621,195,490
Repair and maintenance	21	39,102,080	28,560,973
Supplies and consumables used	23	40,140,980	40,978,164
		<u>2,236,173,011</u>	<u>1,358,626,031</u>
Net cash inflow from operating activities		<u>1,213,952,173</u>	<u>230,693,680</u>
Investing activities			
Purchase of Property, plant and equipment	9	(118,449,700)	(9,926,507)
Increase in WIP in current year	10	(16,867,030)	(234,235,295)
Net cash flows used in investing activities		<u>(135,316,730)</u>	<u>(244,161,802)</u>
Net increase in cash and cash equivalents		1,078,635,443	(13,468,122)
Cash and cash equivalents at 01 July		<u>59,223,676</u>	<u>72,691,798</u>
Cash and cash equivalent at 30 June		<u>1,137,859,119</u>	<u>59,223,676</u>

TANZANIA SISAL BOARD

5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	Original Budget (A)	Final Budget (B)	Actual Amount (C)	Diff (C-B)	% Diff
	TZS	TZS	TZS	TZS	
Revenue					
Revenue from exchange transactions	548,893,235	548,893,235	582,083,937	(33,190,702)	-6%
	548,893,235	548,893,235	582,083,937	(33,190,702)	-6%
Revenue from non-exchange transactions					0%
Government grants	2,000,000,000	2,000,000,000	1,918,440,613	81,559,387	4%
Other charges	184,264,000	184,264,000	173,341,850	10,922,150	6%
Personnel emoluments	410,880,000	410,880,000	776,258,784	(365,378,784)	-89%
	2,595,144,000	2,595,144,000	2,868,041,247	(272,897,247)	-11%
Total Revenue	3,144,037,235	3,144,037,235	3,450,125,184	(306,087,949)	-10%
Expenses					
Sisal development and promotion	426,368,073	426,368,073	990,406,608	(564,038,535)	-132%
Administrative costs	328,857,617	328,857,617	192,974,229	135,883,388	41%
Wages, salaries and employees benefits	588,920,000	588,920,000	973,586,938	(384,666,938)	-65%
Repair and maintenance	22,440,453	22,440,453	39,102,080	(16,661,627)	-74%
Supplies and consumables used	22,051,092	22,051,092	40,140,980	(18,089,888)	-82%
Total Expenses	1,388,637,235	1,388,637,235	2,236,210,835	(847,573,600)	-61%
Surplus /(Deficit) during the year	1,755,400,000	1,755,400,000	1,213,914,349	541,485,651	31%
Capital expenditure					
Acquisition of assets	1,755,400,000	1,755,400,000	135,278,907	1,620,121,093	92%
Surplus/deficit after capital expenditure	-	-	1,078,635,442	(1,078,635,442)	0%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

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.

NOTE 2: STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND AUTHORIZATION FOR ISSUE

(i) Basis of Preparation

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

(ii) Statement of Compliance

The financial statements of the Board have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the requirements of the Sisal Industry Act No. 2 of 1997. The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of TSB and all values are rounded to the nearest Shillings. The accounting policies have been consistently applied to all the years presented

(iii) Authorization for Issue

The financial statements for the year ended 30 June 2023 were authorized for issue by the Board on _____ no organ has the power to amend the financial statements after issue.

(iv) Adoption of New and Revised Standards

On 22 June 2020 NBAA approved the issuance of the revised TFRS 1: The Report by those charged with Governance.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below:

(i) Accounting Period

The reporting period for the financial statement is the financial year of the Government which run from 01 July 2022 to 30 June 2023.

(ii) Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of TSB are measured using the currency of the primary economic environment in which the Board operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings (TZS), which is the Government’s functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

(iii) Cash and Cash Equivalents

Cash and bank balances in the statement of financial position comprises of reconciled cash at banks existing at the balance sheet date. For the purpose of the cash flow statement, cash and cash equivalents consist of cash at bank and cash on hand.

(iv) Revenue

TSB revenue comprises revenue from non-exchange transactions and revenue from exchange transactions.

Revenue from non-exchange transactions comprises revenue from non-exchange transactions mainly from Government Grants, Personnel Emoluments and Other charges. Revenue from non-exchange transactions is recognized when the conditions for the grant have been fulfilled as described below

(a) Government Development Grants

Government Grants whose conditions are; that TSB should procure, construct, or acquire non-current assets are recognized as an asset and liability. Revenue is only recognized after satisfying all conditions related to the funds received as grants.

(b) Recurrent Grants

Recurrent grants are recognized as an asset and revenue when received. Recurrent grants are funds received by the Board to meet administrative costs.

(c) Donors Grant Revenue

Grant received from various donors are recognized as revenue when the conditions attached to the grant agreement are fulfilled. TSB receives grants from several donors to plan, design, construct and supervise several sisal promotion and development projects.

Revenue from exchange transactions for TSB comprises Land rent, House rent and other revenue. Revenue from Land rent and House rent are recognized as follows

(a) Rent income

Rental income is recognized on an accrual basis. Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of the income can be measured reliably.

For operating leases, rental income is recognized on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Any lease incentives granted are recognized as a reduction of rental income over the lease term on a straight-line basis.

For finance leases, rental income is recognized based on the net investment in the lease and is calculated using the interest rate implicit in the lease.

(iv) Other Transfers

IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) which requires disclosure either on the face of, or in the notes to, the financial statements of the amount of revenue from non-exchange transactions recognized during the period by major classes showing separately major classes of taxes. Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably.

(v) Expenses

TSB records expenditures when it enjoys the services and not necessarily when cash is paid out.

(vi) Inventories

TSB inventory may consist of office consumables, cleaning materials, tires, wood, plywood, chlorine and paints. Inventories are held at lower of cost and lower realizable value.

(vii) Accounts and Other Receivable from Exchange Transactions

TSB receivables from exchange transactions is mainly composed of prepayments, Rent and Land rent receivables. Receivables from exchange transactions are recognized initially at fair value

and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that TSB will not be able to collect all amounts due according to the original terms of the receivables.

Prepayments are recognized as an asset until goods are delivered or services are rendered in accordance with binding agreements with suppliers. Board recognizes an expense once it has received proof of the delivery of goods or the rendering of services.

(viii) Accounts and Other Receivable from Non-Exchange Transactions

Receivables from non-exchange transactions comprises; Receivables from staff imprest and advances. These receivables are initially assessed at nominal amount or face value.

(ix) Property, Plant and Equipment

Initial and Subsequent Recognition

All categories of property, plant and equipment are initially measured at cost subsequently are measured at cost excluding the costs of day-to-day servicing, less accumulated depreciation or subsequent accumulated depreciation and accumulated impairment or subsequent impairment loss in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria. Depreciation is calculated on straight line basis over useful life of assets.

Estimated Useful Life (EUL)

Assets ran an economic life peculiar to themselves depending on make, constant handling and operational use.

Annual rates of depreciation which are constantly applied are as shown in the Table below.

Assets Category	Average Useful Life
Administration assets	
Leasehold land	Over the lease term
Buildings	50
Plant and machinery	15
Furniture, fixture and equipment's	5
Motor vehicles	
▪ Heavy duty (5 tons and above)	10
▪ Light duty (below 5 tons)	5
Motor cycle	7
Computer hardware	4
Document Processing Equipment eg, photocopiers, printers and shredders	7
Uninterrupted power supply (UPS)	7
Infrastructural assets	
Drainage System	15

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Assets Category	Average Useful Life
Boreholes	15
Water System	15
Sewerage System	15
Shallow Well	15
Water Wells	15

Depreciation of Property Plant and Equipment an item of property, plant and equipment begin when the asset is available for use i.e., When it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of PPE ceases when it is derecognised. Therefore, depreciation does not cease when the asset becomes idle or retire from the active use and held for disposal unless the asset is fully depreciated.

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

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

(x) Intangible Assets

Intangible assets (consisting of computer software's) acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalized, and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred.

TSB own Intangible assets that were acquired externally from suppliers, which have infinite useful life. The useful lives of intangible assets are assessed to be finite.

(xi) Liabilities

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity

(a) Account and Other Payables

Accounts payable consist of TSB obligations to suppliers and payables related to employees. A liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. A present obligation that meets the definition of a liability shall be recognized as a liability when, and only when: It is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Payables are classified as exchange and non-exchange transactions, payables from non-exchange transactions includes deferred income and deferred capital grant.

(b) Contingent Assets and Contingent Liabilities

Contingent Assets

A contingent asset is disclosed when TSB is not certain to receive future economic benefit arising from past events and whose existence will be confirmed only by a future event. Contingent assets are not recognized, but are disclosed if inflow of economic benefits is probable

Contingent Liabilities

A contingent liability is disclosed by TSB when it's not certain whether future economic outflow will occur or not. Contingent liabilities are not recognized but are disclosed if outflow of economic benefits is probable.

Provisions

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

(xii) Events after Reporting Date

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

(a) Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period and

(b) Non-adjusting events are those that are indicative of conditions that arose after the reporting period.

(xiii) Employee Benefits

(a) 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 scheme in force to which the Board contributes are the Public Services Social Security Fund (PSSSF).

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

(b) Medical benefits

Tanzania Sisal Board is contributing 50% on medical insurance for its staffs. The insurer to which the board contributes is National Health Insurance Fund (NHIF).

(xiv) Financial Instruments

The Board classifies its financial instruments into the following categories:

(a) 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.

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

Recognition and measurement

(c) 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.

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.

NOTE 4: KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the TSB financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However,

uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgments

In the process of applying the TSB's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

(a) Determination of the Useful Lives of Property, Plant and Equipment

Management uses reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

(b) Estimates and Assumptions

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

(c) Impairment of Non-Financial Assets

TSB assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTE 5: FINANCIAL RISK MANAGEMENT

The Board seeks to minimise its exposure to financial risk. It uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, accounts receivable and accounts payable.

The management regularly reviews its risk management policies to reflect changes in the market conditions and the service offered.

The Board aims to develop a disciplined and constructive control environment in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk;
- Liquidity risk; and
- Market risk which is mainly due to foreign exchange risk.

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A description of the significant risk factors is given below together with the risk management policies applicable.

Management has overall responsibility for the establishment and oversight of the Board's risk management framework. Management is responsible for developing and monitoring the Board's risk management policies in their specified areas.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk

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

	Notes	2022/23 TZS	2021/22 TZS
Account receivables and prepayments		494,449,913	266,000,775
Cash and cash equivalents		1,137,859,119	59,223,676
		<u>1,632,309,032</u>	<u>325,224,451</u>

In the normal course of business, TSB incurs credit risk from accounts receivable and transactions with banking institutions. TSB manages its exposure to credit risk by:

- Holding bank balances and short-term deposits (demand deposits) with Tanzanian registered banks; and
- Maintaining credit control procedures over accounts receivable.

The maximum exposure as at 30 June 2023 was equal to the total amount of bank balances and receivables disclosed in the statement of financial position.

TSB does not require any collateral or security to support financial instruments and other receivables it holds due to low risk associated with the realisation of these instruments.

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Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances. Management performs cash flow forecasting and monitors rolling forecasts of the Board's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Liquidity risk

	2022/23 TZS	2021/22 TZS
Current assets	1,632,309,032	325,224,451
Current liabilities	3,719,490,941	2,498,042,196
Quick assets ratio	<u>0.44 : 1</u>	<u>0.13 : 1</u>

Maturity analysis of financial liabilities

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities;

	Total TZS	Less than 6 months TZS	More than 6 months TZS
At 30 June 2023			
Financial Assets			
Cash & bank balances	1,137,859,119	1,137,859,119	-
Prepayments	494,449,913	483,324,400	11,125,513
	<u>1,632,309,032</u>	<u>1,621,183,519</u>	<u>11,125,513</u>
Financial Liabilities			
Payables and deferred income	3,719,490,941	2,309,506,921	1,409,984,020
Difference in contractual cash flow	<u>(2,087,181,909)</u>	<u>(688,323,402)</u>	<u>(1,398,858,507)</u>

Foreign currency exchange risk

The Board's exposure to currency risk is not significant on cash balances as TSB maintains bank balances and receivables on functional currency. Management's policy to manage foreign exchange risk is to restrict all the local transactions to the local currency and therefore maintain all the funds in the local currency account.

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Capital management

The primary objective of managing the Board's capital is to ensure that there is sufficient cash available to support the Boards' funding requirements, including capital expenditure, to ensure that the Board remains financially sound. The government and other development partners continue to provide financial support through grants and donations.

Fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, receivables, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments; and
- Fair value of financial assets is derived from quoted market prices in active markets, if available.

NOTE 6: CASH AND CASH EQUIVALENT

	<u>2022/23</u>	<u>2021/22</u>
Cash and cash equivalent	TZS	TZS
B.O.T bank a/c	4,117,237	1,738,255
CRDB bank account	6,450,154	533,392
NMB bank develop account	1,127,269,923	56,943,450
Petty cash	21,805	8,579
	<u>1,137,859,119</u>	<u>59,223,676</u>

NOTE 7: TRADE AND OTHER RECEIVABLE

Advance to NEDCO	-	175,978,625
House rent receivable	85,175,651	-
Land rent receivable (small farmers)	163,263,400	-
Sisal biogas project	-	60,748,610
Staff imprest	-	17,082,759
Staff leave	-	1,065,268
Trade debtors	11,125,513	11,125,513
	<u>259,564,564</u>	<u>266,000,775</u>

NOTE 7.1 Impairment of Sisal biogas project

During the reporting period, the Tanzania Sisal Board (TSB) recognized an impairment loss on accounts receivable in relation to the Sisal Biogas project. This project was undertaken in partnership with Katani Limited, to whom TSB advanced funds totalling TZS 60,748,610. Upon the completion of the project, it was determined that the receivable amount from Katani

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Limited was not recoverable due to the liquidation of the company. In accordance with the accounting principles and the prudence concept, TSB has recognized a 100% impairment loss on this receivable, reflecting the unlikelihood of recovering the advanced funds. This impairment charge has been recorded in the financial statements for the current period.

	<u>2022/23</u>	<u>2021/22</u>
	TZS	TZS
Sisal Biogas Project		
Receivable at start	60,748,610	-
New receivables for the year	-	-
Impairment of receivables	(60,748,610)	-
	<u>-</u>	<u>-</u>

NOTE 7.2 Amortization of NEDCO receivable

In 2013, the Tanzania Sisal Board (TSB) engaged NEDCO for architectural design, quantity survey, and supervision services in preparation for the construction of new TSB offices. Payment was made to NEDCO for these services. However, the construction project did not progress as planned due to a lack of funding, and consequently, the related costs previously capitalized no longer meet the definition of an asset.

TSB has reviewed the capitalized costs associated with the NEDCO receivable and has determined that these costs should be amortized. This decision is based on the current assessment that the future economic benefits originally expected from the construction project will not be realized. Therefore, TSB has commenced the Impairment of the previously advanced amount to reflect this change in circumstances.

	<u>2022/23</u>	<u>2021/22</u>
	TZS	TZS
ADVANCE TO NEDCO		
Receivable at start	175,978,625	-
New receivables for the year	-	-
Impairment of receivables	(175,978,625)	-
	<u>-</u>	<u>-</u>

NOTE 8: PREPAYMENTS

	<u>2022/23</u>	<u>2021/22</u>
	TZS	TZS
Cash and cash equivalent		
Prepayments of Motor vehicles	358,223,500	-
	<u>358,223,500</u>	<u>-</u>

Prepayment includes payment for two motor vehicles and three motorcycles for TSB. Payments were made to GPSA during the financial year 2022/23.

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NOTE 9. PROPERTY, PLANT AND EQUIPMENTS

DESCRIPTION	Land TZS	Buildings TZS	Motor vehicles TZS	Computer equipment TZS	Office equipment and machines TZS	Office furniture and fittings TZS	TOTAL TZS
COST							
As at 1 July 2022	615,734,260,000	106,165,800	152,718,790	29,101,507	25,344,519	25,432,810	616,073,023,426
Reclassification	-	585,613,815	-	-	-	-	585,613,815
Additions	-	-	86,209,700	1,590,000	8,350,000	22,300,000	118,449,700
Disposal	-	-	-	-	-	-	-
As at 30 June 2023	615,734,260,000	691,779,615	238,928,490	30,691,507	33,694,519	47,732,810	616,777,086,941
Accumulated depreciation							
As at 1 July 2022	-	52,905,957	152,718,790	25,411,283	21,143,615	20,471,977	272,651,622
Charge for the year	-	12,859,569	15,805,112	1,592,877	2,985,667	5,538,333	38,781,558
Disposal	-	-	-	-	-	-	-
As at 30 June 2023	-	65,765,526	168,523,902	27,004,160	24,129,282	26,010,310	311,433,180
NBV as at 30 June 2023	615,734,260,000	626,014,089	70,404,588	3,687,347	9,565,237	21,722,500	616,465,653,761
NBV as at 30 June 2022	615,734,260,000	53,259,843	-	3,690,224	4,200,904	4,960,833	615,800,371,804

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NOTE 9. PROPERTY, PLANT AND EQUIPMENTS (Continued)

	Land	Buildings	Motor vehicles	Computer equipment	Office equipment and machines	Office furniture and fittings	TOTAL
DESCRIPTION	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST							
As at 1 July 2021	49,162,572	106,165,800	152,718,790	30,377,500	19,317,019	22,663,500	380,405,181
Restated Opening balance	615,685,097,428	-	-	(6,002,500)	3,827,500	(230,690)	615,682,691,738
Additions	-	-	-	4,726,507	2,200,000	3,000,000	9,926,507
Disposal							-
As at 30 June 2022	615,734,260,000	106,165,800	152,718,790	29,101,507	25,344,519	25,432,810	616,073,023,426
Accumulated depreciation							
As at 1 July 2021	-	23,066,326	152,718,789	27,664,018	15,633,982	18,266,455	237,349,570
Restated Opening balance	-	27,716,315	1	(3,898,393)	4,091,466	805,522	28,714,911
Charge for the year	-	2,123,316	-	1,645,658	1,418,167	1,400,000	6,587,141
As at 30 June 2022	-	52,905,957	152,718,790	25,411,283	21,143,615	20,471,977	272,651,622
NBV as at 30 June 2022	615,734,260,000	53,259,843	-	3,690,224	4,200,904	4,960,833	615,800,371,804
NBV as at 30 June 2021	49,162,572	83,099,474	1	2,713,482	3,683,037	4,397,045	143,055,611

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NOTE 9.1 Restatement of property, plant and equipment

	Restated comparative 2021/22	Adjustment	Audited 2021/22
	TZS	TZS	TZS
Land	615,734,260,000	615,685,097,428	49,162,572
Buildings	53,259,843	(28,046,138)	81,305,981
Motor vehicles	-	(1)	1
Computer equipment	3,690,224	(3,338,785)	7,029,009
Office equipment and machines	4,200,904	(182,274)	4,383,178
Office furniture and fittings	4,960,833	(1,294,182)	6,255,015
Restated	<u>615,800,371,804</u>		<u>148,135,756</u>

In the current financial year, the Tanzania Sisal Board (TSB) has made a significant restatement to its property, plant, and equipment. This restatement includes the recognition of land valued at TZS 615,685,097,428. This valuation reflects the inclusion of several plots and farms that were not previously recognized in the financial statements. The recognition of these land assets is the result of a comprehensive valuation exercise, using indicative land prices provided by the Ministry of Land in 2016.

In addition to the land valuation, further restatements have been made to correct the cost of certain property, plant, and equipment as per table below to ensure alignment with the verified fixed asset register. This exercise was necessary to reconcile the book values with the physical verification of assets.

The following table shows farms and land that were restated with its values

SN	Description	Description	Location	Total Value
1	Plot	Plot # 132& 403 Block kb viii-chumbageni	CHUMBAGENI, TANGA JIJI	240,000,000
2	Plot	Plot #. 8, Block kb xiv	RASKAZONE, TANGA JIJI	480,000,000
3	Plot	Plot # 507 Block c	PONGWE, TANGA JIJI	19,375,000
5	Plot	Plot no. 65 usagara, market, tower street - tanga	Uhuru/Usagara Tanga Mjini	359,800,000
6	Plot	Plot # 272 block b kange area	Kange/Tanga Jiji	35,085,000
7	Farms	Hale	KOROGWE, MUHEZA	83,600,000,000
8	Farms	Magunga	KOROGWE	326,000,000,000

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SN	Description	Description	Location	Total Value
9	Farms	Magoma	KOROGWE	45,400,000,000
10	Farms	Ngombezi	KOROGWE	39,700,000,000
11	Farms	Mwelya	MOMBO	119,900,000,000

615,734,260,000

Moreover, adjustments to accumulated depreciation have been made. These adjustments are reflective of the actual recomputed depreciation charges, ensuring that the depreciation expense is accurately represented in our financial records. The restatements of both the asset values and accumulated depreciation serve to correct any discrepancies and present a fair value of TSB's assets as per the applicable accounting standards.

Despite of these restatement, there are also a number of assets that were not included in the financial statement due to failure to do valuation of those properties.

Assets that were not included in the financial statements

S/N	Description	Condition	Location	Values
1	Residential Building	Good	Tancord Muheza	Value could not be established
2	Residential Building	Good	Tancord Muheza	
3	Residential Building	Good	Tancord Muheza	
4	Residential Building	Good	Tancord Muheza	
5	Residential Building	Average	Tancord Muheza	
6	Residential Building	Average	Tancord Muheza	
7	Residential Building	Good	Ngombezi	
8	Residential Building	Good	Ngombezi	
9	Residential Building	Bad	Ngombezi	
10	Residential Building	Average	Ngombezi	
11	Residential Building	Average	Ngombezi	
12	Residential Building	Bad	Ngombezi	
13	Residential Building	Bad	Magoma	
14	Residential Building	Good	Magoma	
15	Residential Building	Bad	Magunga	
16	Residential Building	Average	Muheza	
17	Residential Building	Good	Bombo/Tanga Mjini	
18	Residential Building	Good	Bombo/Tanga Mjini	
19	Residential Building	Good	Bombo/Tanga Mjini	
20	Residential Building	Good	Nguvumali/Tanga Mjini	
21	Residential Building	Bad	Hale	
22	Machineries	In use	hale	
23	Machineries	In use	magunga	
24	Machineries	In use	hale	

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25	Machineries	In use	magunga
26	Machineries	In use	magoma
27	Machineries	In use	ngombezi
28	Machineries	In use	mwelya

NOTE 10: WORK IN PROGRESS

DESCRIPTION	Kibaranga TZS	Handeni TZS	Work in progress TZS	TOTAL TZS
COST				
As at 1 July 2022	-	-	585,613,815	585,613,815
Transfer to PPE	-	-	(585,613,815)	(585,613,815)
Additions	16,689,030	178,000	-	16,867,030
Disposal	-	-	-	-
As at 30 June 2023	16,689,030	178,000	-	16,867,030
	Kibaranga	Handeni	Work in	TOTAL
	TZS	TZS	progress	TZS
			TZS	
As at 1 July 2021	-	-	351,378,520	351,378,520
Additions	-	-	234,235,295	234,235,295
Transfer to PPE	-	-	-	-
As at 30 June 2022	-	-	585,613,815	585,613,815

NOTE 11: DEFERRED GOVERNMENT GRANTS

	<u>2022/23</u> TZS	<u>2021/22</u> TZS
At January	56,942,830	-
Fund received for the project	1,918,440,613	493,529,500
Available fund for the project	1,975,383,443	493,529,500
Expenditure incurred during the year	(368,937,718)	(192,424,248)
Purchase of property, plant, and equipment	(118,449,700)	(244,161,802)
Prepayment of PPE	(358,223,500)	-
Total expenditure for the year	(845,610,918)	(436,586,050)
Deferred income	1,129,772,525	56,942,830

Restatement on deferred government grants

	Restated 2021/22 TZS	Audited 2021/22 TZS
Deferred government grants	-	-
Restatement	56,942,830	-
Restated of deferred government grant	56,942,830	-

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In the prior year's financial statements, the Tanzania Sisal Board (TSB) recognized government grants as revenue on a cash basis, which did not comply with the requirements of IPSAS 23 - Revenue from Non-Exchange Transactions (Taxes and Transfers). Upon further review, it was determined that revenue from government grants should be recognized on an accrual basis, reflecting the conditions under which the grants were received rather than the timing of cash receipts.

Consequently, a restatement of the prior year comparative figures has been made. This restatement involves recognizing the amortized revenue grant based on the satisfaction of specified conditions associated with the grants, rather than upon the receipt of cash. This adjustment ensures that the revenue is matched with the period in which the grant conditions were fulfilled, which provides a more accurate representation of TSB's financial performance and position.

As a result, deferred government grants have been restated to reflect the systematic recognition of grant income over the periods in which TSB incurs the related costs for which the grants are intended to compensate. This approach aligns TSB's accounting for government grants with the accrual basis of accounting and the matching principle, in accordance with the accrual accounting policies set out in IPSAS.

TSB is committed to aligning its revenue recognition practices with international public sector accounting standards and will continue to enhance its financial reporting processes to ensure compliance.

NOTE 12: ACCOUNT AND OTHER PAYABLE

Audit fee payable	22,060,000	35,200,000
CAG provision audit fee	5,200,000	5,400,000
Housing rent prepaid	34,268,429	-
Katani ltd	9,400,000	9,400,000
Land rent payable (Ministry of Land)*	1,251,357,185	1,251,357,185
Office rent accrued	149,226,835	149,226,835
Other payroll liabilities and deductions	285,600	148,000
Other staff payable	67,825,763	42,441,501
Prepayment -unearned revenue	100,000,000	-
Provision for directors' fee	76,433,300	109,433,300
Staff imprest payables	123,338,149	81,724,086
Staff outstanding allowance	175,716,027	266,925,600
Terminal benefits payable a/c	429,977,012	265,338,845
Trade creditors	266,250,847	224,504,014
Withholding tax payable a/c	1,717,418	-
	2,713,056,565	2,441,099,366

Restatement of Land rent'

Restated

Audited

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	2021/22	2021/22
	TZS	TZS
Land rent receivable	58,485,705	58,485,705
Restated land rent payable	<u>1,309,842,890</u>	<u></u>
Land rent payable	1,251,357,185	58,485,705

During the review of our financial records, the Tanzania Sisal Board (TSB) identified a material understatement in the accounts payable regarding land rent obligations to the Ministry of Land. These payables had not been previously recorded in the financial statements. To rectify this oversight and ensure the accuracy of our reported financial position, a restatement adjustment has been made.

This adjustment reflects the recognition of all accrued land rent payables that were owed to the Ministry of Land. The omission was due to administrative oversight and has now been corrected through a comprehensive review and reconciliation process. The restatement provides a more accurate portrayal of TSB's liabilities, aligning with the principles of completeness and accuracy in financial reporting, and ensuring compliance with applicable financial reporting standards.

As a result of this restatement, the accounts payable on the balance sheet have been increased to include the full amount owed for land rent. This adjustment will have no impact on the reported cash flows for the period, as it represents an accrual of expenses not yet paid. TSB is committed to maintaining rigorous financial controls and will implement enhanced measures to prevent such omissions in the future.

TANZANIA SISAL BOARD

NOTE 13.a) DEFERRED CAPITAL GRANT

	Buildings	Motor vehicles	Motor vehicle prepayments	Computer equipment	Office equipment and machines	Office furniture and fittings	Work in progress	TOTAL
DESCRIPTION	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST								
As at 1 July 2022	106,165,800	152,718,790	-	29,101,507	25,344,519	25,432,810	585,613,815	924,377,241
Additions	585,613,815	86,209,700	358,223,500	1,590,000	8,350,000	22,300,000	(585,613,815)	476,673,200
Prepayment								-
Disposal								-
As at 30 June 2023	691,779,615	238,928,490	358,223,500	30,691,507	33,694,519	47,732,810	-	1,401,050,441
Amortization of capital grant								
As at 1 July 2022	52,905,957	152,718,790	-	25,411,283	21,143,615	20,471,977	-	272,651,622
Charge for the year	12,859,569	15,805,112	-	1,592,877	2,985,667	5,538,333	-	38,781,558
Disposal								-
As at 30 June 2023	65,765,526	168,523,902	-	27,004,160	24,129,282	26,010,310	-	311,433,180
NBV as at 30 June 2023	626,014,089	70,404,588	358,223,500	3,687,347	9,565,237	21,722,500	-	1,089,617,261
NBV as at 30 June 2022	53,259,843	-	-	3,690,224	4,200,904	4,960,833	585,613,815	651,725,619

TANZANIA SISAL BOARD

NOTE 13.b) DEFERRED CAPITAL GRANT

	Buildings	Motor vehicles	Motorvehicle prepayments	Computer equipment	Office equipment and machines	Office furniture and fittings	Work in progress	TOTAL
DESCRIPTION	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST								
As at 1 July 2021	106,165,800	152,718,790	-	30,377,500	19,317,019	22,663,500	351,378,520	682,621,129
Restated Opening balance	-	-	-	(6,002,500)	3,827,500	(230,690)		(2,405,690)
Additions	-	-	-	4,726,507	2,200,000	3,000,000	234,235,295	244,161,802
Disposal			-					-
As at 30 June 2022	106,165,800	152,718,790	-	29,101,507	25,344,519	25,432,810	585,613,815	924,377,241
Amortization of capital grant								
As at 1 July 2021	23,066,326	152,718,789	-	27,664,018	15,633,982	18,266,455	-	237,349,570
Restated Opening balance	27,716,315	1	-	(3,898,393)	4,091,466	805,522		28,714,911
Charge for the year	2,123,316	-	-	1,645,658	1,418,167	1,400,000	-	6,587,141
As at 30 June 2022	52,905,957	152,718,790	-	25,411,283	21,143,615	20,471,977	-	272,651,622
NBV as at 30 June 2022	53,259,843	-	-	3,690,224	4,200,904	4,960,833	585,613,815	651,725,619
NBV as at 30 June 2021	83,099,474	1	-	2,713,482	3,683,037	4,397,045	351,378,520	445,271,559

TANZANIA SISAL BOARD

Restatement of deferred capital grant'

In the prior financial statements, the Tanzania Sisal Board (TSB) accounted for government grants on a cash basis, which resulted in the misalignment of the timing of grant recognition with the consumption of the economic resources. Upon transitioning to accrual basis accounting, TSB has restated its Deferred Government Grants to accurately reflect the receipt and utilization of government-funded assets. Consequently, all assets acquired through government grants are now recognized as deferred income. This deferred income is scheduled to be amortized proportionately with the depreciation of the related assets, ensuring that the grant income is recognized in the income statement over the periods that correspond with the usage of the assets. This restatement corrects the timing of grant income recognition and aligns it with the matching principle, providing a more accurate representation of the Board's financial position and performance in compliance with standard accounting practices.

	Restated 2022/23 TZS	Audited 2021/22 TZS
Deferred capital grants		-
Adjustment	651,725,619	-
	<u>651,725,619</u>	<u>-</u>

NOTE 14 TAXPAYERS FUND

	2023 TZS	2022 TZS
As 01 July	615,984,991,963	250,731,963
Addition		615,734,260,000
As at 30 June	<u>615,984,991,963</u>	<u>615,984,991,963</u>

NOTE 15. ACCUMULATED DEFICITS

As at 1 July	(2,423,549,708)	(418,104,859)
Prior year adjustment	-	(1,802,515,349)
Surplus/(Deficit) for the year	(255,720,632)	(202,929,500)
As at 30 June	<u>(2,679,270,340)</u>	<u>(2,423,549,708)</u>

NOTE 15.1 Accumulated surplus/(Deficit)

	2022/23 TZS	2021/22 TZS
Accumulated depreciation buildings	-	24,859,819
Accumulated depreciation computer equipment	-	22,072,498
Accumulated depreciation motor vehicles	-	152,718,788
Accumulated depreciation office equipment and machines	-	20,961,341
Accumulated depreciation office furniture and fittings	-	16,677,796
Buildings	-	(106,165,800)
Computer equipment	-	(30,377,500)

TANZANIA SISAL BOARD

	2022/23 TZS	2021/22 TZS
Deferred capital grant	-	(351,378,520)
Depreciation charge	-	(4,785,490)
Land	-	(49,162,572)
Land rent payable (Ministry of Land)	-	(1,309,842,890)
Motor vehicles	-	(152,718,790)
Office equipment and machines	-	(17,142,019)
Office furniture and fittings	-	(19,932,810)
Deferred income government grants	-	1,700,800
	<u>-</u>	<u>(1,802,515,349)</u>

NOTE 16. REVENUE FROM NON-EXCHANGE TRANSACTION

	2022/23 TZS	2021/22 TZS
Amortization of government grant	-	2,356,205
Personal emoluments	776,258,784	473,316,366
Development expenditures funding	368,937,718	192,424,248
Other charge	173,341,850	72,710,395
Amortization of capital fund	38,781,558	6,587,141
	<u>1,357,319,910</u>	<u>747,394,355</u>

NOTE 17. REVENUE FROM EXCHANGE TRANSACTION

Disposal of fixed assets	184,355	(60,873)
Housing rent	170,446,468	66,111,238
Land rent received	295,035,600	277,594,032
Sisal inspection fee	72,400,000	73,230,000
Sisal grower's trade licence fees	106,000,000	73,550,000
Miscellaneous income	52,188,134	44,853,000
Accrual housing rental income	-	14,425,800
	<u>696,254,557</u>	<u>549,703,197</u>

NOTE 18. SISAL DEVELOPMENT AND PROMOTION

Distribution of sisal seedling	204,663,328	163,213,790
Estate survey & other related matters	11,394,000	57,171,400
Lucy project expenses	144,370,390	-
Sisal nursery expenses	8,510,000	-
Transport and travel expenses	329,333,273	215,311,692
Advertisement and publicity	19,022,380	12,154,360
Business promotion	36,386,002	102,468,789
Bad debts	236,727,235	-
	<u>990,406,608</u>	<u>550,320,031</u>

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NOTE 19. GENERAL AND ADMINISTRATIVE COSTS

Audit fee expenses	22,060,000	22,800,000
Board meeting expenses	51,597,500	38,962,600
Burial expenses	300,000	-
CAG Audit Fee Expenses	1,400,000	-
Cleaning expenses	4,920,450	4,305,811
Condolence expenses	2,200,000	2,000,000
Directors expenses	1,277,000	-
Donation and subscription	30,598,000	16,270,000
Electricity expenses	4,310,000	3,929,370
Entertainment expenses	19,431,100	21,771,700
Legal, consultation and professional fees	5,146,000	1,230,000
Postal expenses	924,359	1,135,706
Security guard expenses	33,981,200	26,386,000
Training	16,333,750	5,160,000
Directors fee	-	66,507,800
Contribution to consolidated fund (tr)	10,000,000	-
Staff meeting expenses	9,579,600	19,120,482
Telephone fax & e-mails	2,016,901	2,512,171
Water and sewerage expenses	8,287,681	-
Withholding tax expenses	-	5,854,911
Bank charges	2,913,394	2,384,180
	227,276,935	240,330,731

NOTE 20. WAGES, SALARIES AND EMPLOYEES' BENEFITS

	2022/23 TZS	2021/22 TZS
Acting allowance	6,265,000	16,390,000
Electricity allowances	9,780,000	11,840,000
Employee under contract salary	63,141,800	13,991,990
Extra duty allowances	41,640,000	9,930,000
Hardship allowance	100,000	400,000
Honorarium	-	6,150,000
Leave passage	3,284,354	3,759,638
Medical expenses	16,000	250,000
NHIF 3% employer contributions	19,010,419	12,108,240
PSPF 15% employer contributions	95,052,096	60,541,200
Salaries and wages	633,680,640	404,574,834
SDL Expenses	25,347,226	-
Staff housing allowance	-	26,400,000
Staff recruitment expenses	-	5,231,500
Staff welfare	580,000	80,000
Substance allowances	21,080,000	3,508,000
Telephone allowances	19,990,000	14,580,000
Terminal benefits	17,051,000	21,114,610

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	2022/23 TZS	2021/22 TZS
Transport allowances	14,400,000	22,400,000
WCF Expenses	3,168,403	-
	<u>973,586,938</u>	<u>633,250,012</u>

NOTE 21. REPAIR AND MAINTENANCE

House repair and maintenance	740,000	10,657,285
Vehicle's repair and maintenance	21,801,120	15,206,188
Office building rehabilitation expenses	10,203,800	-
Office furniture and equipment	555,000	1,668,000
Office maintenance expenses	3,473,000	1,029,500
Equipment maintenance expenses	2,329,160	-
	<u>39,102,080</u>	<u>28,560,973</u>

NOTE 22. DEPRECIATION AND AMORTIZATION

	2022/23 TZS	2021/22 TZS
Depreciation charge	38,781,558	6,587,141
	<u>38,781,558</u>	<u>6,587,141</u>

NOTE 23. SUPPLIES AND CONSUMABLES USED

Printing and stationaries	11,336,345	8,354,169
Vehicle fuel and oils	28,804,635	32,623,995
	<u>40,140,980</u>	<u>40,978,164</u>

NOTE 24. FUND RECEIVED FROM THE GOVERNMENT

	2022/23 TZS	2021/22 TZS
Deferred income at the end of the year	1,129,772,525	56,942,830
Add:		
Receivable at the beginning	-	
Grant revenue for the year	727,161,218	192,424,248
Deferred capital grant at end	1,089,617,261	651,725,619
Amortization of capital grant	38,781,558	6,587,141
Restated Opening balance of deferred capital grant		2,405,690
Restated Opening balance of Amortization		28,714,911
Less:		
Deferred income at the beginning of the year	(56,942,830)	-
Prepayments at end	(358,223,500)	
Deferred capital grant at beginning	(651,725,619)	(445,271,559)
Receipt from donors	<u>1,918,440,613</u>	<u>493,528,880</u>

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NOTE 25 FUND RECEIVED FROM EXCHANGE TRANSACTION

Trade payable at end	134,268,429	
Add:		
Revenue for the year	696,254,557	549,703,197
Disposal of fixed assets		60,873
Less:		
Receivable at the end	(248,439,049)	-
CASH RECEIVED DURING THE YEAR	582,083,937	549,764,070

NOTE 26. PAYMENT OF GENERAL AND ADMINISTRATION COSTS

	2022/23	2021/22
	TZS	TZS
Account receivable at end	369,349,013	264,935,505
Trade payable at the beginning	1,866,245,420	480,023,182
Add: prior year adjustment		
Land rent payable		1,309,842,890
Deferred capital grant	-	
Add: General administration	227,276,935	240,330,731
Less: Trade payable at the end	(1,904,983,734)	(1,866,245,420)
Account receivable at the beginning	(264,935,505)	(135,336,890)
Prior year adjustment		
Reclassification of NEDCO		(175,978,625)
Deferred income government grants	-	
Payments for General administration cost	292,952,129	117,571,373

NOTE 27 CASH PAID FOR WAGES, SALARIES AND EMPLOYEES BENEFITS

Payroll payables at the beginning	574,853,946	561,734,156
Wages, salaries and employees benefits	973,586,938	633,250,012
Staff receivables at end	-	1,065,268
Payroll payables at the end	(673,804,402)	(574,853,946)
Staff receivables at beginning	(1,065,268)	
Cash paid for wages, salaries and employee benefits	873,571,214	621,195,490

NOTE 28: 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.

NOTE 29: CONTINGENT LIABILITIES AND ASSETS.

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The Tanzania Sisal Board is involved in several legal cases which may lead to the recognition of contingent assets. These cases are at various stages of legal proceedings, and their outcomes remain uncertain. The details of these cases are as follows:

1. **Land Case No.1 of 2021 (THEODORA K MTEJETA & OTHERS vs. TANZANIA SISAL BOARD & ATTORNEY GENERAL):** This case involves a dispute over the ownership of properties instructed to be surrendered to the government. Management is actively pursuing mediation and compiling supporting documents. However, as the case is still in the early stages, with a final pretrial conference scheduled for October 2023, there is no certainty regarding the outcome in favour of TSB.
2. **Land Case No.17 of 2022 (ANDREW MBUJI BOIMANDA vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD):** Similar to Land Case No.1, this case is also at an early stage, with a pretrial conference planned for 5 October 2023. Both parties have expressed interest in mediation. Despite this, the outcome remains uncertain at this stage.
3. **Criminal Case No. 138 of 2021 (REPUBLIC vs. GODFREY KING'AZI):** In this case, sisal fibre was forfeited following court proceedings. The Board is awaiting the final administrative processes post-forfeiture. Given the case's current status, it's premature to ascertain the certainty of a beneficial outcome for TSB.
4. **Application No 39 of 2023 at Korogwe District Land and Housing Tribunal (ATTORNEY GENERAL & TANZANIA SISAL BOARD vs. BI. ZUHURA ALBEA SELEMAN):** This land encroachment case is approaching its mention on 26 September 2023. Despite strong evidence in favour of TSB, the early stage of the case implies uncertainty in the outcome.
5. **Application No. 9 of 2023, Muheza District Land and Housing Tribunal (ATTORNEY GENERAL & TANZANIA SISAL BOARD vs. JOHN ZERUBABEL LEONARD):** Addressing property destruction, this case's preliminary nature means the outcome remains unpredictable, though TSB continues to gather supporting evidence.
6. **Application No. 23 of 2023, District Land and Housing Tribunal of Korogwe (TANZANIA SISAL BOARD vs. JOSEPH GASPER):** Following a settlement, the case has been resolved favourably, with the respondent agreeing to comply with the stipulated terms. While this appears positive, it is still early to conclude the full compliance and implications.

Beyond the contingent assets disclosed in relation to ongoing legal cases, the Tanzania Sisal Board (TSB) identifies additional potential assets of a contingent nature. These assets, separate from the legal proceedings previously detailed, involve assets that TSB is currently following up due to their potential future economic benefits. Consistent with accounting standards, these assets are not recognized in the current balance sheet but are disclosed in the notes to the financial statements. The following paragraphs provide details on these specific assets, underscoring their contingent status and the basis for potential future recognition.

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- i). **Mkonge Hotel (30% Shares)** The Tanzania Sisal Board is currently engaged in the process of asserting its claim to a 30% shareholding in Mkonge Hotel, currently under the ownership of Kurasini LTD. These shares, initially held by Katani Ltd, represent a potential asset for TSB. The hotel is located in Raskazone, Tanga Mjini. The resolution of this claim and the consequent valuation of these shares are contingent upon the outcome of ongoing negotiations and potential legal proceedings.
- ii). **Residential Property Owned by Jaji Hamisi Msumi** TSB is in the process of investigating the ownership status of a residential property sold by Katani Ltd to Hamisi Msumi, located in Ngombezi. The property, currently in good condition, may represent a contingent asset for TSB, pending clarification of the terms of the original sale and potential reassertion of rights over the property. The outcome of this investigation will determine whether TSB has any claim to this asset.
- iii). **Residential Property Owned by Estomihi Ephraim Urio** A residential property currently under the ownership of Estomihi Ephraim Urio, and formerly associated with the Sisal Board, is another potential contingent asset. Sold by Katani Ltd, this property, located in Ngombezi and reported to be in poor condition, is subject to TSB's ongoing efforts to ascertain any remaining rights or claims. The future recognition of this property as an asset hinges on the legal review of the original sale and subsequent ownership rights.
- iv). **Eckenford Plot No 66 Block KBII** in the central area of Tanga city is identified as a contingent asset by the Tanzania Sisal Board (TSB). This property, previously owned by Eckenford College, is subject to restitution to TSB following a government audit that uncovered an erroneous transfer. The college has agreed to the reversion but had used the property as collateral for a loan with CRDB Bank. TSB is actively engaging in discussions to resolve the collateral issue and reacquire the land ownership documents. The anticipated successful recovery of the property is pending and its recognition in the financial statements is contingent upon the finalization of these discussions and the formal transfer of ownership back to TSB.
- v). On 29 April 2022, the Tanzania Sisal Board (TSB) became involved in the Lucy Project following the Ministry of Land, Housing, and Human Settlements Development's handover of government land previously owned by Tanzania Plantations Ltd, including titles No. N.P. 304, No. N.P. 305, No. 5189, No. 8374 in Arumeru Arusha, and an additional 43.5 acres under title No. 13512, after compensating the previous investor TZS 5.7 billion. TSB, under the Ministry of Agriculture, has applied for harvesting rights on 770 acres and development rights for an investment area of 2,305 acres and a reserve land area of 1,355 acres, while also planning to engage local citizens allocated 1,745 acres by the government in sisal cultivation. Despite the handover process of this farm, known as the "Lucy Project," not being completed, TSB is already harvesting and selling sisal from this land and anticipates the formal transfer from the central government to be finalized soon. The formal recognition of this land as an asset in TSB's financial statements is contingent upon the completion of the transfer process.

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NOTE 30: CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2023.

NOTE 31: PREVIOUS YEAR'S FIGURES

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

NOTE 33: 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

NOTE 33: PREVIOUS YEAR'S FIGURES

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

NOTE 34: NOTES TO THE STATEMENT OF ACTUAL VERSUS BUDGET

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1 July 2022 to 30 June 2023.

The budget and the accounting bases differ. The financial statements for the Board are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements differ from the budget which is approved on the cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements were made to express the actual amounts on a comparable basis to the final approved budget.

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and actual amounts and the actual amounts in the Statement of Financial Performance for the year ended 30 June 2023 is presented below. The financial statements and budget documents are prepared for the same period.

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NOTE 34.1: RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS AND ACTUAL AMOUNTS IN THE FINANCIAL STATEMENTS

	OPERATING	INVESTING	TOTAL
	TZS	TZS	TZS
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1,078,635,442	-	1,078,635,442
Changes in payables for payment of general administration cost	(148,543,401)	-	(148,543,401)
Changes in account receivables	228,449,138	-	228,449,138
Changes in payments for Sisal development and promotion	-	-	-
Depreciation and amortization	(38,781,558)	-	(38,781,558)
Changes in deferred income	(1,072,867,518)	-	(1,072,867,518)
Changes in deferred capital grant	(437,891,642)	-	(437,891,642)
Changes in investment		135,278,907	135,278,907
Actual Amount in the Statement of Financial Performance	(390,999,539)	135,278,907	(255,720,632)

NOTE 34.2: EXPLANATION OF DIFFERENCE BETWEEN FINAL BUDGET VERSUS ACTUALS AMOUNTS

No.	Category	Explanation for difference
A	Revenue from exchange transaction	The variance in revenue from exchange transactions can be attributed to the under-budgeting of land rent and house rent. This occurred because TSB relied on an approximate budget in cash bases
	Revenue from non-exchange transaction	The increase in revenue by 11% compared to the budget is due to an increased on personal emoluments of TSB compared to the budget. This emoluments increase in the result of increase in staffs compared to the prior year
B	Payments	
	Wages, salaries and employee benefits	The different occurred due to the the increase of Employees to TSB
	Supplies and consumables used	The variance is due to under budget on the category because when compared to the prior year, there no material differences on the expenses however the budget was estimated way below even way below evn to the prior year actual cost
	Sisal development and promotion	This difference is due to the increase in transport and traveling for monitoring the issues related to sisal and written off of bad debts.

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No.	Category	Explanation for difference
	Repair and maintenance	The variance between the budgeted and actual costs of repair and maintenance is attributable to the rising expenses associated with repairing outdated Korona machines on the farm
	General and administration cost	This difference is due to the budget being higher as a result of significant payments made under general expenses to settle past debts.
	Acquisition of Assets	TSB had budgeted to procure and install a new corona machine in Hale farm was estimated to cost between TZS 800 Million to TZS 1 Billion however as up to the year end this machines was not procured