



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 2024**

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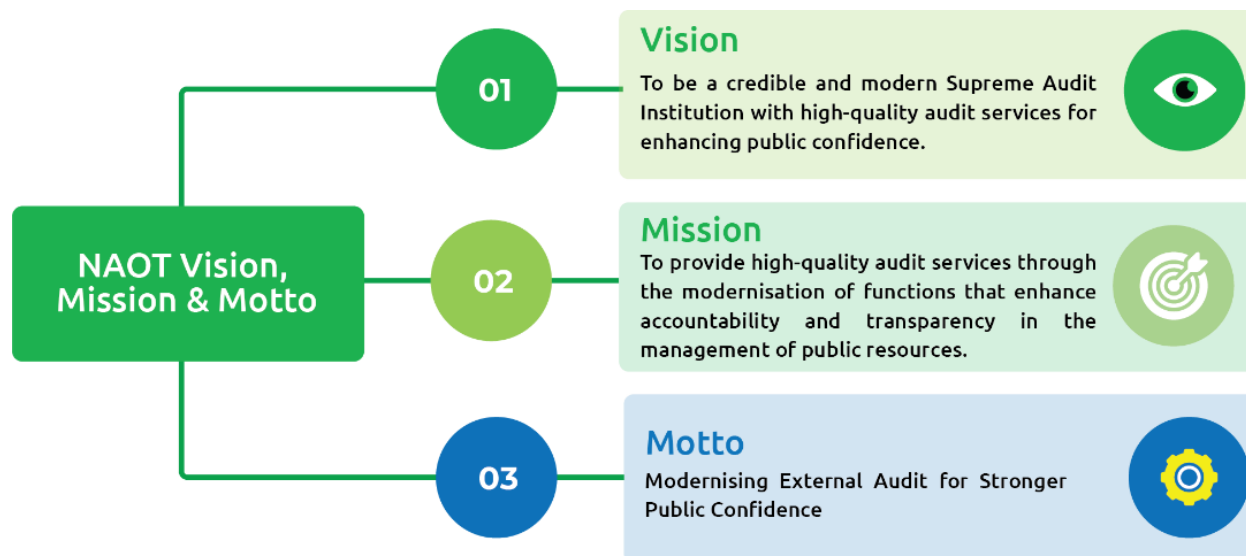
February 2025

AR/PA/TSB/2023/24

About the National Audit Office

Mandate

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



Independence and objectivity

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

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

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



Professional competence

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

Integrity

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

Creativity and Innovation

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

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Abbreviations

AIDS	Acquired immunodeficiency syndrome
CAG	Controller and Auditor General
CPA	Certified Public Accountant
HIV	Human immunodeficiency virus
ICT	Information and Communication Technology
IPSAS	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

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 the Tanzania Sisal Board, which comprise the statement of financial position as at 30 June 2024, 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 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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. I have determined that there are no key audit matters to communicate in the report

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 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 LEGISLATION

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 2023/24 as per the Public Procurement laws.

Conclusion

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

i. Procurements done without following the TSB Annual Procurement Plan TZS 589,875,092

I reviewed procurements made amounting to TZS 589,875,092 and revealed that, none of these procurements were part of the Annual Procurement Plan (APP) for 2023/24. This is contrary to Section 49, subsections 1 & 3 of the Public Procurement Act, 2022 which requires the entity to prepare and follow the Annual Procurement Plan for all procurements made during the year. The lack of alignment with the APP and incomplete involvement of the PMU indicates weak internal controls and oversight, undermining compliance with statutory requirements and transparency in procurement processes.

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 2023/24 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 2025

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

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 2024, 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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S/N	Name	Position	Nationality	Age (yrs)	Qualification	Date of Appointment
1	Theobald Maingu Sabi	Chairperson	Tanzanian	49	Banker	10.Dec.2023
2	Prof Esther William Dungumaro	Vice Chairperson	Tanzanian	58	Researcher	10.Dec.2023
3	Bi. Evelyne Baruti Mugasha	Member	Tanzanian	58	Valuer	10.Dec.2023
4	B. Beatrice Agnes Singano	Member	Tanzanian	48	Business Administrator	10.Dec.2023
5	Dr. Catherine Justine Senkoro	Member	Tanzanian	60	Soil Scientist	10.Dec.2023
6	Bw. Andrew Wilson Nkuzi	Member	Tanzanian	78	Economist	10.Dec.2023
7	Bw. Shedrack Mokiwa Lugendo	Member	Tanzanian	60	Farmer	10.Dec.2023
8	Bw. Mohamed Hamis Chikawe	Member	Tanzanian	40	Economist	10.Dec.2023
9	Naweed Yakub Mulla	Member	Tanzanian	33	Economist	10.Dec.2023
10	Saddy Hamis Kambona	Secretary	Tanzanian	49	Laywer	10.Dec.2023

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 two ordinary meetings and none extra ordinary meetings, through which it transacted and approved various issues including the following: -

- (i) 10-hectare Land Allocation to Korogwe District Council;
- (ii) The procurement plan for the financial year 2024/2025; and
- (iii) The expression of interest to the public for investment of the Kange building owned by TSB

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

A. 47th Board Meeting

- i. **Hale Gas Project.** project cannot proceed due to high costs (estimated over TZS 600 million) for repairing machinery and purchasing generators. The Board instructed Management to continue searching for investors for the project.
- ii. **Kange Building Investment.** The Board approved the management to proceed with a public notice for expressions of interest in the 2024/2025 to request the investment opportunities in health services for the building.
- iii. **Sisal Spirit and Sugar Production.** The management told the Board that a private company done a pilot to produce spirits from sisal juice, which was successfully

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produced, however commercial production lacks funding. The Board required the management to seek diverse investors for the project instead of relying on a single entity.

- iv. **Agricultural Equipment Project.** Loans for agricultural equipment were suspended due to budgetary issues and repayment challenges. Management were required to present a detailed report at a Board workshop to address project challenges and provide actionable recommendations.
- v. **Mkonge Tower Project.** TSB is struggling to get the funding of the project from the bank due to issues with land title documentation whereby the management were required by the Board to consult the Attorney General's office regarding the title's legal status.

B. 48th Board Meeting

i. Reports from Departments and Units

The quarterly report highlighted key activities and challenges across departments. The Directorate of Sisal Development and Marketing reported an export of 10,339.15 tons of sisal fiber during the quarter four, supported farmers through education, market connections, and seed distribution, while concerns about factory closures due to competition with synthetic fibers were raised. Institutional Services outlined budget utilization and staffing challenges, with recommendations to enhance revenue, organizational structure, and employee motivation. Procurement plans included significant investments in irrigation, housing renovations, and agricultural machinery, with an emphasis on beneficiary identification and repayment strategies. The Legal Unit focused on contracts, property cases, and lease agreements, while the Audit Unit flagged low revenue collection, system delays, and gaps in awareness programs, calling for improvements in financial management and anti-corruption initiatives. Key resolutions included organizing a Sisal Day, detailed reporting on exports and procurement, and addressing child labor concerns.

- ii. **Implementation MUSE system for payment and accounting system.** Board members discussed delays in implementing the MUSE system, with management explaining the need to secure experts for installation and training. The Board resolved that management should expedite the process to complete the system installation and staff training.
- iii. **Land Allocation Request by Korogwe District Council:** Korogwe DC Requested for 50 acres of land for building a bus terminal. The Board approved to the management that allocating 10 acres instead of 50 requested but also the council must compensate the small farmers whose sisal will be affected

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

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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. Sisal Development Committee

The primary function of the Sisal Development Committee to the Board of the Tanzania Sisal Board (TSB) would be to provide strategic direction, oversight, and advisory support specifically focused on the growth and sustainability of the sisal industry. The committee would act as a specialized body addressing key aspects of sisal development within the framework of the Board's overall mandate.

In addition, the committee shall perform

- a. Advise the Board on policies and strategies for sisal industry growth.
- b. Monitor implementation of sisal projects and programs.
- c. Review strategic plans for the sisal sector.

ii. 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.
- 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

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- 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.

iii. 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 MANAGEMENT

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

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

2.12 CAPITAL STRUCTURE AND TREASURY POLICY

2.12.1 CAPITAL STRUCTURE

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

2.13 ENTITY OPERATING MODEL

2.13.1 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.

2.13.2 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.

2.13.3 OUTPUT AND OUTCOMES

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

2.14 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.14.1 Performance

The Tanzania Sisal Board (TSB) experienced an improvement on its financial in the year ending June 30, 2024 whereby the revenue from own sources increased by 9% from TZS 696,254,557 in prior year to TZS 757,796,584 in the current year. Revenue from non-exchange transactions also increased by 20% to TZS 1,632,682,500 compared to TZS 1,357,319,910 in the financial year 2022/23, primarily due to increased government funding on salaries.

Total expenses were almost maintained at TZS 2,342,974,146 (TZS 2,309,295,099 : 2022/23) recording an increase of TZS 33,679,047 from prior year which is equivalent to 1%.

Sisal development and promotion expenses decreased by 33% to TZS 667,512,532 (TZS 990,406,608: 2022/23), General administrative costs increased by 24% to TZS 282,832,321 (TZS 227,276,935 : 2022/23), wages, salaries, and employee benefits increased by 29% to TZS

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1,259,669,344 (TZS 973,586,938: 2022/23), repair and maintenance decreased by 38% to TZS 24,297,336 (TZS 39,102,080: 2022/23), depreciation of property plant and equipment increased by 27% to TZS 49,305,540 (TZS 38,781,558: 2022/23) and supplies and consumables increased by 48% to TZS 59,357,073 (TZS 40,140,980 : 2022/23), All these reflecting strategic expansion and a commitment to operational capabilities.

In summary, the Tanzania Sisal Board achieved notable financial performance in the year ending 30 June 2024. 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.

2.14.2 Financial Position

There were no significant changes in **cash and cash equivalent**. The balance during the year were TZS 1,082,700,455 (TZS 1,113,672,089 : 2022/23). This was due to unpaid funds for the ongoing projects.

The accounts and other receivables position of the Board have increased by 126% from TZS 231,644,204 in 2022/23 to TZS 523,800,991 in 2023/24. And prepayments were also increased by 57% from TZS 358,223,500 in 2022/23 to TZS 562,804,447 in 2023/24. The increase was driven by prepayments for the purchase of Decorticator as well as increase in receivables from house rent.

TSB's property, plant, and equipment slightly increased by 0.56% (equivalent of TZS 3,469,031,190) to TZS 619,934,684,951 in 2023/24 (TZS 616,465,653,761 : 2022/23) which is resulted by the revaluation of buildings class

Accounts and other payables slightly decreased by 1% from TZS 2,713,056,565 in 2022/23 to TZS 2,687,054,619 in 2023/24.

The TSB received notable development grants amounting to TZS 1,235,000,000.00 and effectively managed these funds to support its strategic objectives. Deferred capital grants also increased to TZS 1,682,547,488 in 2023/24 (TZS 1,089,617,261: 2022/23) due to increase in investment in fixed assets, The Taxpayers Fund remained unchanged at TZS 615,984,991,963.

The TSB's accumulated surplus improved in 2023/24 by TZS 16,843,173 from accumulated deficit of TZS 2,731,377,730 in 2022/23 to accumulated deficit of TZS 2,714,534,557 in 2023/24 due to the surplus obtained during the year

2.14.3 Cashflow Position

The cashflow position of the organization is reduced whereby the Net cash flow from operating activities was reduced by 56% compared to the prior year, from TZS 1,572,175,673 in 2022/23 to TZS 695,130,541 in the current year. Also TSB recorded a negative net cash increase by TZS 32,143,049 which means some of the operations in the current year were funded by the carried forward cash balances from prior year.

The Cash balances for the end of the year reduced by 3% from TZS 1,137,859,119 in 2022/23 to TZS. 1,105,716,070 in 2023/24

2.15 ACHIEVEMENTS, CHALLENGES AND WAY FORWARD-PLANNING

2.15.1 Achievements of the Tanzania Sisal Board in 2023/2024

During the financial year 2023/24, the Tanzania Sisal Board (TSB) made significant strides towards its strategic objectives for 2023/24, 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.

2.15.2 Challenges Encountered in 2023/24

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

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

2.15.3 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.

2.16 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

2.17 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

TANZANIA SISAL BOARD (TSB)

SN	Risk	Implication	Mitigation
3	Inappropriate issuance of regulatory opinion	Fulfilling customers' expectation	Opportunity to harness ICT in regulatory services

b) Financial and Human Resources Risk

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

TANZANIA SISAL BOARD (TSB)

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

2.18 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

2.19 KEY PERFORMANCE INDICATORS

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

- To conduct awareness to 40 TSB Staff on HIV/AIDS annually
- To support nutritious supplements to at least 2 staff living with HIV/AIDS annually

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

- To conduct awareness program on corruption matters to 40 TSB staffs annually

TANZANIA SISAL BOARD (TSB)

Objective C: - Capacity of TSB to deliver services improved. The planned activities to fulfil this objective were as follows:-

- To facilitate working environment and staff administration by June, 2024
- To facilitate adherence to accounting standards by June, 2024
- To attend meetings and other ministerial calls by June 2024
- To facilitate Recruitment and training by June, 2024
- To conduct 4 Board and its Committee Meetings by June, 2024
- To attend seminars and conferences on auditing matters by June 2024
- To enhance legal services to TSB's stakeholders by June, 2024
- To develop and maintain TSB website by June, 2024
- To conduct repair and maintenance for TSB by June, 2024
- To enhance procurement unit efficiency annually

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

- To conduct leaf potential assessment to 8,000 sisal farmers by June, 2024
- To conduct inspection visits to 39 sisal estates, 6 spinning mills and 8,000 sisal smallholder farmer's by June 2024
- To conduct inspection visits to 6 exit points by June 2024
- To conduct training on sisal agronomy and fiber quality to 39 sisal estates and 8,000 sisal smallholder farmer's by June 2024

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

- To conduct promotion visit to 20 districts on sisal farming annually
- To facilitate 2 investors to establish sisal processing factory in Tanga by June 2025
- To promote use of sisal products (agricultural twine and sisal bags) annually
- To conduct monitoring and evaluation visits on implementation of the 5 yrs Sisal Development Strategy annually
- To link 2,400 sisal farmers with reliable sisal market annually
- To participate in Dar es salaam international trade fair, industrial exhibition and Tanga trade fair annually

2.20 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 2024 on behalf of the Controller and Auditor General.

2.21 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.

2.22 POLITICAL AND CHARITABLE DONATIONS

During the year 2023/24 under review, Tanzania Sisal Board (TSB) neither made charitable donations to different groups in tanga amounting to TZS 37,932,000 (2022/23: 30,598,000).

2.23 EMPLOYEES WELFARE

a. Management and Employees' Relationship

There was continued good relationship between Employees and Management for the year 2023/2024. 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. Training Facilities

Due to the budget constraints for the year 2023/2024 the Board managed to send 4 staff for training out of 13 employees budgeted.

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development.

c. 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.

d. Financial Assistance to Staff

Loans were available to all confirmed employees depending on the assessment and the discretion of Management as to the need and circumstances. Management entered into contract with NMB, CRDB and NBC banks to avail loans to all permanent staff whenever a need arises.

e. Persons with Disabilities

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

f. Employees Benefit Plan

The Board pays contributions to publicly administered pension funds on mandatory basis and qualifies to be a defined contribution plan. The number of employees during the year 2023/2024 was 40.

2.24 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

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 40 employees of which 9 are females and 31 are male compared to 36 employees prior financial year (10 female : 26 males)

2.25 PREJUDICIAL ISSUES

During the year 2023/24 TSB had pending legal case. refer to the note 29 of the financial statements

2.26 CONTRIBUTION TO CONSOLIDATED FUND

During the year 2023/24, TSB made a contribution amounting of TZS 40,000,000 to the Treasury Registrar. (TZS 10,000,000 : 2022/23)

2.27 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

.....
THEOBALD MAINGU SABI
BOARD CHAIRMAN

Date:

TANZANIA SISAL BOARD (TSB)

3.0 STATEMENT OF RESPOSNIBILITIES 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 2024, 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

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THEOBALD MAINGU SABI
BOARD CHAIRMAN

Date:

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 2024 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 2024

		<u>30-Jun-24</u>	<u>30-Jun-23</u>
	<u>NOTES</u>	<u>TZS</u>	<u>TZS</u>
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,082,700,455	1,113,672,089
Account and other receivables	7	523,800,991	231,644,204
Prepayments	8	562,804,447	358,223,500
		<u>2,169,305,893</u>	<u>1,703,539,793</u>
Non-Current assets			
Property, Plant and equipment	9	619,934,684,951	616,465,653,761
Work in progress	10	101,904,853	16,867,030
		<u>620,036,589,804</u>	<u>616,482,520,791</u>
Total assets		<u>622,205,895,697</u>	<u>618,186,060,584</u>
LIABILITIES			
Current liabilities			
Deferred government grants	11	1,485,154,274	1,129,772,525
Accounts and other payables	12	2,687,054,619	2,713,056,565
		<u>4,172,208,893</u>	<u>3,842,829,090</u>
Non-Current Liabilities			
Deferred capital grant	13	1,682,547,488	1,089,617,261
Total liabilities		<u>5,854,756,381</u>	<u>4,932,446,351</u>
Net assets		<u>616,351,139,316</u>	<u>613,253,614,233</u>
NET ASSETS			
Taxpayers fund	14	615,984,991,963	615,984,991,963
Accumulated surplus/(deficit)	15	366,147,353	(2,731,377,730)
Total		<u>616,351,139,316</u>	<u>613,253,614,233</u>

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

.....
THEOBALD MAINGU SABI
BOARD CHAIRMAN

.....
DATE

.....
SADDY KAMBONA
DIRECTOR GENERAL

TANZANIA SISAL BOARD

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

		<u>30-Jun-24</u>	<u>30-Jun-23</u>
	<u>Notes</u>	<u>TZS</u>	<u>TZS</u>
Revenue from non exchange transactions	16	1,632,682,500	1,357,319,910
Revenue from exchange transactions	17	<u>757,796,584</u>	<u>696,254,557</u>
		<u>2,390,479,084</u>	<u>2,053,574,467</u>
Expenditure			
Sisal development and promotion costs	18	667,512,532	990,406,608
General & administrative costs	19	282,832,321	227,276,935
Wages, salaries and employees benefits	20	1,259,669,344	973,586,938
Repairs and maintenance	21	24,297,336	39,102,080
Depreciation and amortization	22	49,305,540	38,781,558
Supplies and consumables used	23	<u>59,357,073</u>	<u>40,140,980</u>
		<u>2,342,974,146</u>	<u>2,309,295,099</u>
Surplus(Deficit)/ for the year		<u>47,504,938</u>	<u>(255,720,632)</u>
Other gains / (losses)	24		
Expected credit loss		(30,661,765)	(52,107,390)
		<u>16,843,173</u>	<u>(307,828,022)</u>

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

.....
THEOBALD MAINGU SABI
BOARD CHAIRMAN

.....
DATE

.....
SADDY KAMBONA
DIRECTOR GENERAL

TANZANIA SISAL BOARD

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

	TAXPAYERS FUND	ACCUMMULATED FUND	TOTAL
	TZS	TZS	TZS
<i>At 01 July 2023</i>	615,984,991,963	(2,731,377,730)	613,253,614,233
Prior year adjustment		3,080,681,910	3,080,681,910
Surplus/(Deficit)	-	16,843,173	16,843,173
<i>At 30 June 2024</i>	<u>615,984,991,963</u>	<u>366,147,353</u>	<u>616,351,139,316</u>
<i>At 01 July 2022</i>	615,984,991,963	(2,423,549,708)	613,561,442,255
Prior year adjustment		-	-
Surplus/(Deficit)		(307,828,022)	(307,828,022)
<i>At 30 June 2023</i>	<u>615,984,991,963</u>	<u>(2,731,377,730)</u>	<u>613,253,614,233</u>
<i>At 01 July 2021</i>	250,731,963	(418,104,859)	(167,372,896)
<i>Addition taxpayer fund</i>	615,734,260,000	-	615,734,260,000
Prior year adjustment		(1,802,515,349)	(1,802,515,349)
Surplus/(Deficit)		(202,929,500)	(202,929,500)
<i>At 30 June 2022</i>	<u>615,984,991,963</u>	<u>(2,423,549,708)</u>	<u>613,561,442,255</u>

.....
THEOBALD MAINGU SABI
BOARD CHAIRMAN

.....
DATE

.....
SADDY KAMBONA
DIRECTOR GENERAL

TANZANIA SISAL BOARD

5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

		<u>30/06/2024</u>	<u>30/06/2023</u>
	NOTES	TZS	TZS
Operating activities			
<u>Receipts</u>			
Government grants	16.1	1,235,000,000	1,918,440,613
Other charges	16	275,000,000	173,341,850
Personnel emolments	16	1,070,994,476	776,258,784
Revenue from exchange transactions	17.1	458,346,454	570,958,422
		<u>3,039,340,930</u>	<u>3,438,999,669</u>
<u>Payments</u>			
Sisal development and promotion	18	667,512,532	990,406,608
Administrative costs	19.1	364,176,798	46,941,263
Wages, salaries and employees benefits	20.1	1,228,866,650	750,233,065
Repair and maintenance	21	24,297,336	39,102,080
Supplies and consumables used	23	59,357,073	40,140,980
		<u>2,344,210,389</u>	<u>1,866,823,996</u>
Net cash inflow from operating activities		<u>695,130,541</u>	<u>1,572,175,673</u>
Investing activities			
Prepayments of assets	8	(562,804,447)	(358,223,500)
Purchase of Property, plant and equipment	9.1	(79,431,320)	(118,449,700)
Increase in WIP in current year	10	(85,037,823)	(16,867,030)
Net cash flows used in investing activities		<u>(727,273,590)</u>	<u>(493,540,230)</u>
Net increase in cash and cash equivalents		(32,143,049)	1,078,635,443
Cash and cash equivalents at 01 January		<u>1,137,859,119</u>	<u>59,223,676</u>
Cash and cash equivalent at 31 December		<u>1,105,716,070</u>	<u>1,137,859,119</u>

THEOBALD MAINGU SABI
BOARD CHAIRMAN

DATE

SADDY KAMBONA
DIRECTOR GENERAL

TANZANIA SISAL BOARD

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

	Budget	Reallocation	Final Budget	Actual amount	Variance	Variance (%)
	TZS		TZS	TZS	TZS	TZS
Revenue						
Revenue from non-exchange transactions	3,303,165,000	-	3,303,165,000	2,580,994,476	722,170,524	21.9%
Revenue from exchange transactions	709,454,468	-	709,454,468	458,346,454	251,108,014	35.4%
Total revenue	4,012,619,468	-	4,012,619,468	3,039,340,930	973,278,538	57%
Expenses						
Sisal development and promotion costs	193,129,076	-	193,129,076	667,512,532	(474,383,456)	-245.6%
General & administrative costs	832,410,510	-	832,410,510	364,176,798	468,233,712	56.3%
Wages, salaries and employees benefits	803,165,000	-	803,165,000	1,228,866,650	(425,701,650)	-53.0%
Repairs and maintenance	67,920,054	-	67,920,054	24,297,336	43,622,718	64.2%
Supplies and consumables used	115,994,828	-	115,994,828	59,357,073	56,637,755	48.8%
Payment for fixed assets and work in progress	2,000,000,000	-	2,000,000,000	727,273,590	1,272,726,410	63.6%
Total expenses	4,012,619,468	-	4,012,619,468	3,071,483,979	941,135,489	-65.7%
Surplus/(Deficit)	-	-	-	(32,143,049)	32,143,049	122.9%

THEOBALD MAINGU SABI
BOARD CHAIRMAN

DATE

SADDY KAMBONA
DIRECTOR GENERAL

6.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 2024 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 2023 to 30 June 2024.

(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.

CHANGE IN ACCOUNTING POLICY FOR CASH AND CASH EQUIVALENT

The introduction of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities through a principles-based classification model, a forward-looking expected credit loss model.

THE IMPACT OF CHANGE IN ACCOUNTING POLICY

The impact of introducing IPSAS 41 is the emergence of Expected credit loss /gain in the Financial Statements by having different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash flows with Exposure at Default (EAD)(Balance) at the end of the financial year.

The Entity operates with the following Banks with global ratings and Probability of Default (PD) as provided in the table below.

No	Name of the Bank	Rating Agency	Score	Probability of Default (PD)
1.	CRDB Bank	Moody’s	B ²	2.16
2.	NMB Bank	Moody’s	B ¹	2.16

TANZANIA SISAL BOARD

DESCRIPTION	CASH AND BANK BALANCE	REASON
Financial year 2023/2024	1,105,716,069	
Expected credit loss	23,015,614.64	Change in Accounting Policy
Restated balance	1,082,700,454	Change in Accounting Policy

IMPAIRMENT OF FINANCIAL ASSETS

The impairment of financial assets is calculated using the expected credit losses model. The Entity recognizes loss allowances {Expected Credit Losses (ECL)} on all financial assets except those that are measured at FVTSD and credit impaired financial assets. A loss allowance is calculated at each reporting date however, the ECL model is updated on monthly basis to accommodate any event that might cause significant increase in credit risks on financial asset. The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows: Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are the discounted product of: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Entity expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the

TANZANIA SISAL BOARD

percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

	<u>30.06.2024</u>	<u>30.06.2023</u>
	TZS	TZS
CASH AND CASH EQUIVALENT		
Cash at Bank and on hand	1,105,716,070	1,137,859,119
Expected Credit Loss:		
Opening	24,187,030	-
Charged during the year	(1,171,415)	24,187,030
Closing	23,015,615	24,187,030
Cash as per Statement of Net Asset	<u><u>1,082,700,455</u></u>	<u><u>1,113,672,089</u></u>

(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	10
Motor vehicles	
▪ Heavy duty (5 tons and above)	20
▪ Light duty (below 5 tons)	10
Motor cycle	7
Computer hardware	8

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.

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

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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	2023/24 TZS	2022/23 TZS
Account receivables		523,800,991	231,644,204
Prepayments		562,804,447	358,223,500
Cash and cash equivalents		1,082,700,455	1,137,859,119
		<u>2,169,305,893</u>	<u>1,703,539,793</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 2024 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

	2023/24 TZS	2022/23 TZS
Current assets	2,169,305,893	1,703,539,793
Current liabilities	4,172,208,893	3,842,829,090
Quick assets ratio	<u>0.52 : 1</u>	<u>0.44 : 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 2024			
Financial Assets			
Cash & bank balances	1,082,700,455	1,082,700,455	-
Account and other receivables	523,800,991	523,800,991	-
Prepayments	562,804,447	562,804,447	-
	<u>2,169,305,893</u>	<u>2,169,305,893</u>	<u>-</u>
Financial Liabilities			
Payables and deferred income	4,172,208,893	4,172,208,893	-
	<u>4,172,208,893</u>	<u>4,172,208,893</u>	<u>-</u>
Difference in contractual cash flow	<u>(2,002,903,000)</u>	<u>(2,002,903,000)</u>	<u>-</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.

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.

	<u>2023/24</u> TZS	<u>2022/23</u> TZS
6 Cash and cash equivalent		
B.O.T bank a/c	31,128,126	4,117,237
CRDB bank account	1,495,003	6,450,154
NMB bank develop.account a/c	1,073,037,715	1,127,269,923
Cash on hand	55,226	21,805
	<u>1,105,716,070</u>	<u>1,137,859,119</u>
 Expected Credit loss	 (23,015,615)	 (24,187,030)
	<u>1,082,700,455</u>	<u>1,113,672,089</u>
 Expected Credit Loss:		
Opening	24,187,030	-
Charged during the year	(1,171,415)	24,187,030
Closing	<u>23,015,615</u>	<u>24,187,030</u>

7 Account and other receivables from exchange transactions

	<u>2023/24</u> TZS	<u>2022/23</u> TZS
Advance to NEDCO	-	-
House rent receivable	128,075,624	85,175,651
Land rent receivable (small farmers)	363,645,757	163,263,400

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	<u>2023/24</u> TZS	<u>2022/23</u> TZS
Sisal biogas project	-	-
Staff imprest	91,833,150	-
Trade debtors	-	11,125,513
Expected credit loss	(59,753,540)	(27,920,360)
	<u><u>523,800,991</u></u>	<u><u>231,644,204</u></u>
7.1 Sisal Biogas Project		
Receivable at start	-	60,748,610
New receivables for the year	-	-
Impairment of receivables	-	(60,748,610)
	<u><u>-</u></u>	<u><u>-</u></u>
7.2 Advance to NEDCO		
Receivable at start	-	175,978,625
New receivables for the year	-	-
Impairment of receivables	-	(175,978,625)
	<u><u>-</u></u>	<u><u>-</u></u>
7.3 Trade debtors		
Receivable at start	11,125,513	-
New receivables for the year	-	-
Impairment of receivables	(11,125,513)	-
	<u><u>-</u></u>	<u><u>-</u></u>
8 Asset prepayments		
Advance payment	562,804,447	358,223,500
	<u><u>562,804,447</u></u>	<u><u>358,223,500</u></u>

Advance payment is the upfront payment to the supplier decorticator machine, which is being procured by TSB

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NOTE 9. PROPERTY, PLANT AND EQUIPMENTS

DESCRIPTION	Land TZS	Buildings TZS	Motor vehicles TZS	Motor Cycle TZS	Computer equipment TZS	Office equipment	Office furniture and fittings	TOTAL TZS
COST								
As at 1 July 2023	615,734,260,000	691,779,615	238,928,490	-	30,691,507	33,694,519	47,732,810	616,777,086,941
Reclassification	-	-	-	-	-	-	-	-
Additions	-	-	385,789,320	8,635,500	-	15,380,000	27,850,000	437,654,820
Revaluation of assets	1,272,476,800	1,808,205,111	-	-	-	-	-	3,080,681,911
As at 30 June 2024	617,006,736,800	2,499,984,726	624,717,810	8,635,500	30,691,507	49,074,519	75,582,810	620,295,423,672
	-	-	-	-	-	-	-	-
Accumulated depreciation								
As at 1 July 2023	-	65,765,526	168,523,902	-	27,004,160	24,129,282	26,010,310	311,433,180
Charge for the year	-	13,835,592	24,551,246	1,677,529	1,324,980	2,078,852	5,837,342	49,305,541
	-	-	-	-	-	-	-	-
As at 30 June 2024	-	79,601,118	193,075,148	1,677,529	28,329,140	26,208,134	31,847,652	360,738,721
NBV as at 30 June 2024	617,006,736,800	2,420,383,608	431,642,662	6,957,971	2,362,367	22,866,385	43,735,158	619,934,684,951

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NOTE 9. PROPERTY, PLANT AND EQUIPMENTS (Continued)

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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9.1 Cash paid for purchase of property, plant and equipment (Additions)

	<u>2023/24</u> TZS	<u>2022/23</u> TZS
Property, plant and equipment @cost at end (A)	620,295,423,672	616,777,086,941
Property, plant and equipment @cost at the beginning (B)	616,777,086,941	616,073,023,426
Prior year prepayment of assets	358,223,500	-
Reclassification/ Revaluation of assets	3,080,681,911	585,613,815
Property, plant and equipment @ end less disposal (B - C)	<u>620,215,992,352</u>	<u>616,658,637,241</u>
Cash paid to acquire PPE (A - (B-C))	<u>79,431,320</u>	<u>118,449,700</u>
Prepaid assets	<u>562,804,447</u>	<u>358,223,500</u>
Total investment in assets	<u>642,235,767</u>	<u>476,673,200</u>

10: WORK IN PROGRESS

DESCRIPTION	Kibaranga TZS	Handeni TZS	Work in progress	TOTAL TZS
COST				
As at 1 July 2023	16,689,030	178,000	-	16,867,030
Transfer to PPE	-	-	-	-
Additions	42,559,683	42,478,140	-	85,037,823
As at 30 June 2024	<u>59,248,713</u>	<u>42,656,140</u>	<u>-</u>	<u>101,904,853</u>

DESCRIPTION	TZS	TZS	TZS	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
As at 30 June 2023	<u>16,689,030</u>	<u>178,000</u>	<u>-</u>	<u>16,867,030</u>

	<u>2023/24</u> TZS	<u>2022/23</u> TZS
11 Deferred government grants		
At January	1,129,772,525	56,942,830
Fund received for the project	1,235,000,000	1,560,217,113
Available fund for the project	<u>2,364,772,525</u>	<u>1,617,159,943</u>
Expenditure incurred during the year	(237,382,484)	(368,937,718)
Purchase of property, plant, and equipment	(437,654,820)	(118,449,700)
Transfer to PPE	358,223,500	
Advanced for decorticator	(562,804,447)	-
Total expenditure for the year	<u>(879,618,251)</u>	<u>(487,387,418)</u>
Deferred income	<u>1,485,154,274</u>	<u>1,129,772,525</u>

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	<u>30.06.2024</u>	<u>30.06.2023</u>
	TZS	TZS
12 Accounts and other payables		
Audit fee payable	30,120,000	22,060,000
CAG provision audit fee	5,200,000	5,200,000
Housing rent prepaid	16,975,116	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	(236,800)	285,600
Other staff payable	66,698,691	67,825,763
Prepayment -unearned revenue	50,000,000	100,000,000
Provision for directors fee	82,335,787	76,433,300
Staff imprest payables	136,429,474	123,338,149
Staff outstanding allowance	205,829,899	175,716,027
Terminal benefits payable a/c	419,223,981	429,977,012
Trade creditors	255,311,334	266,250,847
Withholding tax payable a/c	4,383,117	1,717,418
Tenants security deposits	4,800,000	-
	<u>2,687,054,619</u>	<u>2,713,056,565</u>
13 Deferred capital grant		
Deferred capital grant cost		
As at 01 July	1,401,050,441	924,377,241
Addition	642,235,765	476,673,200
As at 30 June	<u>2,043,286,208</u>	<u>1,401,050,441</u>
Accumulated release of capital grants		
As at 01 July	(311,433,180)	(272,651,622)
Amortized capital grants for the period	(49,305,540)	(38,781,558)
As at 30 June	<u>(360,738,720)</u>	<u>(311,433,180)</u>
Deferred capital grants	<u>1,682,547,488</u>	<u>1,089,617,261</u>
14 Taxpayer fund		
As at 1 July	615,984,991,963	615,984,991,963
As at 30 June	<u>615,984,991,963</u>	<u>615,984,991,963</u>
15 Accumulated surplus/(deficit)		
As at 1 July	(2,731,377,730)	(2,423,549,708)
Prior year adjustment	3,080,681,910	-
Surplus/(deficit) for the year	16,843,173	(307,828,022)
As at 30 June	<u>366,147,353</u>	<u>(2,731,377,730)</u>

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	<u>2023/24</u> TZS	<u>2022/23</u> TZS
15.1 Accumulated surplus/(deficit) adjustments		
Revaluation of land & buildings	3,080,681,910	
	<u>3,080,681,910</u>	<u>-</u>
16 Revenue from non exchange transactions		
Amortization of capital grants	49,305,540	38,781,558
Amortization of revenue grants	237,382,484	368,937,718
Other charge	275,000,000	173,341,850
Personal emoluments	1,070,994,476	776,258,784
	<u>1,632,682,500</u>	<u>1,357,319,910</u>
16.1 Cash received from government		
Deferred income at the end of the year	1,485,154,274	1,129,772,525
Add:		
Grant revenue for the year	237,382,484	368,937,718
Deferred capital grant at end	1,682,547,488	1,089,617,261
Amortization of capital grant	49,305,540	38,781,558
Less:		
Deferred income at the beginning	(1,129,772,525)	(56,942,830)
Deferred capital grant at beginning	(1,089,617,261)	(651,725,619)
Receipt	<u>1,235,000,000</u>	<u>1,918,440,613</u>
17 Revenue from exchange transactions		
Disposal of fixed assets	-	184,355
Housing rent	172,421,584	170,446,468
Land rent received	271,075,000	295,035,600
Sisal inspection fee	64,200,000	72,400,000
Sisal grower's trade licence fees	110,000,000	106,000,000
Miscellaneous income	140,100,000	52,188,134
	<u>757,796,584</u>	<u>696,254,557</u>
17.1 Cash received from exchange transaction		
Receivable at the beginning	259,564,564	-
Trade payable at end	66,975,116	134,268,429
Add:		
Revenue for the year	757,796,584	696,254,557
Less:		
Trade payable at beginning	(134,268,429)	
Receivable at the end	(491,721,381)	(259,564,564)
	<u>458,346,454</u>	<u>570,958,422</u>

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17.2 Trade payables included in the cash from exchange transaction

	<u>2023/24</u>	<u>2022/23</u>
	TZS	TZS
Housing rent prepaid	16,975,116	34,268,429
Prepayment -unearned revenue	50,000,000	100,000,000
	<u>66,975,116</u>	<u>134,268,429</u>

18 Sisal development and promotion

Distribution of sisal seedling	670,000	204,663,328
Estate survey & other related matters	-	11,394,000
Lucy project expenses	203,734,433	144,370,390
Sisal nursery expenses	41,784,000	8,510,000
Transport and travel expenses	299,059,718	329,333,273
Adivertisement and publicity	8,439,540	19,022,380
Business promotion	102,699,328	36,386,002
Bad debts	11,125,513	236,727,235
	<u>667,512,532</u>	<u>990,406,608</u>

19 General and administrative costs

Audit fee expenses	23,460,000	22,060,000
Board meeting expenses	26,334,337	51,597,500
Burrial expenses	-	300,000
CAG Audit Fee Expenses	-	1,400,000
Cleaning expenses	5,734,000	4,920,450
Condolence expenses	500,000	2,200,000
Directors expenses	-	1,277,000
Donation and subscription	37,932,000	30,598,000
Electricity expenses	6,417,500	4,310,000
Entertainment expenses	21,945,775	19,431,100
Legal,consult. and prof. fee	2,923,000	5,146,000
Postal expenses	1,070,795	924,359
Security guard expenses	36,623,600	33,981,200
Training	29,346,159	16,333,750
Directors fee	42,000,000	-
Contribution to consolidated fund (tr)	10,000,000	10,000,000
Staff meeting expenses	11,781,040	9,579,600
Telephone fax & e-mails	2,336,972	2,016,901
Water and sewerage expenses	2,504,662	8,287,681
Withholding tax expenses	-	-
Bank charges	2,975,066	2,913,394
Vehicle insurances and taxes	18,947,415	-
	<u>282,832,321</u>	<u>227,276,935</u>

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19.1 Payment for General administration costs

	<u>2023/24</u>	<u>2022/23</u>
	TZS	TZS
Account receivable (Imprest) at end	91,833,150	-
Trade payable at the beginning	1,781,645,585	1,866,245,420
Add: General administration	282,832,321	227,276,935
Less: Trade payable at the end	(1,792,134,258)	(1,781,645,585)
Account receivable at the beginning	-	(264,935,507)
	<u>364,176,798</u>	<u>46,941,263</u>

19.2 Trade payables included cash paid for General administration costs

Audit fee payable	30,120,000	22,060,000
CAG provision audit fee	5,200,000	5,200,000
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
Provision for directors fee	82,335,787	76,433,300
Trade creditors	255,311,334	266,250,847
Withholding tax payable a/c	4,383,117	1,717,418
Tenants security deposits	4,800,000	-
	<u>1,792,134,258</u>	<u>1,781,645,585</u>

20 Wages, salaries and employees benefits

Acting allowance	-	6,265,000
Electricity allowances	8,740,000	9,780,000
Employee under contract salary	57,598,740	63,141,800
Extraduty allowances	53,280,000	41,640,000
Hardship allowance	-	100,000
Honorarium	7,140,000	-
Leave passage	3,482,928	3,284,354
Medical expenses	-	16,000
NHIF 3% employer cntr.	27,222,068	19,010,419
PSPF 15% employer cntr.	144,750,340	95,052,096
Salaries and wages	907,401,268	633,680,640
SDL Expenses	-	25,347,226
Staff housing allowance	14,400,000	-
Staff recruitment expenses	1,100,000	-
Staff welfare	980,000	580,000
Substance allowances	2,534,000	21,080,000
Telephone allowances	22,240,000	19,990,000
Terminal benefits	-	17,051,000
Transport allowances	8,800,000	14,400,000
WCF Expenses	-	3,168,403
	<u>1,259,669,344</u>	<u>973,586,938</u>

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20.1 Cash paid for wages,salaries and employees benefits

	<u>2023/24</u>	<u>2022/23</u>
	TZS	TZS
Payroll payables at the beginning	797,142,551	574,853,946
Wages,salaries and employees benefits	1,259,669,344	973,586,938
Staff receivables at end	-	-
Payroll payables at the end	(827,945,245)	(797,142,551)
Staff receivables at beginning	-	(1,065,268)
	<u>1,228,866,650</u>	<u>750,233,065</u>

20.2 Trade payables included cash paid for wages,salaries and employees benefits

Other payroll liabilities and deductions	(236,800)	285,600
Other staff payable	66,698,691	67,825,763
Staff imprest payables	136,429,474	123,338,149
Staff outstanding allowance	205,829,899	175,716,027
Terminal benefits payable a/c	419,223,981	429,977,012
	<u>827,945,245</u>	<u>797,142,551</u>

21 Repairs and maintenance

House repair and maintainance	-	740,000
Vehicles repair and maintainance	12,439,436	21,801,120
Office building rehabilitation exp.	-	10,203,800
Office furniture and equipment	2,563,400	555,000
Office maintainance expenses	4,242,500	3,473,000
Equipment maintainance expenses	5,052,000	2,329,160
	<u>24,297,336</u>	<u>39,102,080</u>

22 Depreciation and amortization

Depreciation charge	49,305,540	38,781,558
	<u>49,305,540</u>	<u>38,781,558</u>

23 Supplies and consumables used

	<u>2023/24</u>	<u>2022/23</u>
	TZS	TZS
Printing and stationaries	11,906,580	11,336,345
Vehicle fuel and oils	47,450,493	28,804,635
	<u>59,357,073</u>	<u>40,140,980</u>

24 Expected credit loss

Expected credit loss - cash	(1,171,415)	24,187,030
Expected credit loss - receivables	31,833,180	27,920,360
	<u>30,661,765</u>	<u>52,107,390</u>

30: 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.

31: CONTINGENT LIABILITIES AND ASSETS.

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. CASES BEFORE HIGH COURT OF TANZANIA- LAND REGISTRY- TANGA

This case involves disputes over the ownership of properties instructed to be surrendered to the government. The originality of the Plaintiffs claim is when the Prime Minister's Office Special Committee (PMO-SC) investigated the divestiture exercise of the assets of the defunct Tanzania Sisal Authority to ascertain whether the assets were privatized legally. PMO-SC found out that some properties/ houses were illegally privatized to the Plaintiffs(individuals who filed cases against TSB) and thus the government ordered surrender of the hoses. Being dissatisfied by government decision, Plaintiffs jointly instituted a Land Case before the High Court at Tanga Registry but after due consideration High court struck out the case and in lieu therefore order the Plaintiffs to institute their claims individually. After the cases were filed separately, mediation began but failed and therefore full hearing of the cases is underway as hereunder detailed: -

- a. Land case No. 28279/2023 reference No. 20231222000028279 (ALI KONDO MNYANI vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled for start hearing Plaintiff case on 12th February 2025.
- b. Land case NO. 28455/2023 reference No. 20231228000028455 (JOHN JOSEPH MKWAWA(Rtd Judge) vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled for start hearing Plaintiff case on 12th February 2025.
- c. Land case No.17 of 2023 (ALOYCE BENEDICTO MGONYA vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled to start hearing Plaintiff case on 2025.
- d. Land case No. 20 of 2023 reference No. 20231224000028286 E. 28286/2023 (EVELYN IGNAS NGIDOS vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled to start hearing Plaintiff case on 6th February 2025.
- e. Land case No. of 2023 (THEODORA K. MTEJETA (ADMINISTRATRIX OF THE ESTATE OF LATE FAUSTINE D. MTEGETA (DECEASED) vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled to start hearing Plaintiff case on 25th February 2025.
- f. Land case No.22 of 2023 (David Emanuel Lusenga (Shashinhale Auction Mart and Court Broker) (administrator of the estate of late Salum Juma Shamte (deceased) vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled to start hearing Plaintiff case 2025.

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- g. Land case No. 16 of 2023 (FRANCIS CHAMILE NKUBA vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled to start hearing Plaintiff case on 5th February 2025.
 - h. Land case No. 28285 of 2023 (AISHA ALLY NGAZI (adminitratrix of late Dr. Ally Abdallah(deceased) vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD)
The matter is scheduled for mention on 16th December 2024.
 - i. Land Case No.17 of 2022 (ANDREW MBUJI BOIMANDA vs. ATTORNEY GENERAL & TANZANIA SISAL BOARD): This case is at hearing stage and it is scheduled for hearing Plaintiff second witness on 12th February 2025.
2. Application No 39 of 2023 at Korogwe District Land and Housing Tribunal (ATTORNEY GENERAL & TANZANIA SISAL BOARD vs. BI. ZUHURA ALBEA SELEMAN): This case concern land encroachment at Ngombezi Sisal Estate and it is scheduled for defence hearing on 19th January 2025.

32: CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2024

33: PREVIOUS YEAR'S FIGURES

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

34: RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. TSB related parties includes Directors, Key management, Board of Directors, Ministry of Agriculture and the Treasurer

Transactions with related parties during the year and balances as at year end were as follows:

a) *Balance with key managements*

(i) *Payables due to/from related parties*

Descriptions	Balance TZS
Key management personnel allowance	60,294,382
Board member fee and allowance	27,500,000
	<u>87,794,382</u>

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b) Compensation and Payments

(i) Salaries and allowances to Directors, Key management and the Board of Directors

During the year under review, the Board incurred expenditures amounting to TZS 1,028,814,549 in respect of related parties as follows: -

Descriptions	Amounts TZS
Key management personnel salaries	451,350,768
Key management personnel allowance	342,253,013
Director's salaries	180,210,768
Board member fee and allowance	55,000,000
	<u><u>1,028,814,549</u></u>

(ii) Inter entity transactions

These includes transactions made to/from the related entities.

Descriptions	Amounts TZS
Ministry of agriculture	10,000,000
Consolidated funds	40,000,000
	<u><u>50,000,000</u></u>

During the year there were no balances due to/from the inter related entit

NOTE 35 CASH RECONCILIATION

	<u>2023/2024</u>	<u>2022/2023</u>
Operating activities		
Surplus for the year	16,843,173	(307,828,022)
Adjustment for:		
Depreciation of property and equipment	49,305,540	38,781,558
Impact of ECL on Cash and cash equivalents		24,187,030
Impairment charge/(release) on receivables	30,661,765	27,920,360
	<u><u>96,810,478</u></u>	<u><u>(216,939,074)</u></u>
Changes in operating assets and liabilities		
(Increase)/Decrease in other receivable	(323,989,967)	6,436,211
Increase/(Decrease) in deferred government grants	355,381,749	1,072,829,695

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Increase/(Decrease) in trade and other payable	(26,001,946)	271,957,199
Increase/(Decrease) in capital grants	592,930,227	437,891,642
	<u>598,320,063</u>	<u>1,789,114,747</u>
Net cash flows used in operating activities	<u>695,130,541</u>	<u>1,572,175,673</u>
Investing activities		
Prepayments of assets	(562,804,447)	(358,223,500)
Payment of assets	(79,431,320)	(118,449,700)
Additions of capital work in progress	(85,037,823)	(16,867,030)
Net cash flows used in investing activities	<u>(727,273,590)</u>	<u>(493,540,230)</u>
Net increase in cash and cash equivalents	(32,143,049)	1,078,635,443
Cash and cash equivalents at 1 July	<u>1,137,859,119</u>	<u>59,223,676</u>
Cash and cash equivalents at 30th June	<u><u>1,105,716,070</u></u>	<u><u>1,137,859,119</u></u>

NOTE 36: 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 2023 to 30 June 2024.

The budget and the accounting basis 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 2024 is presented below. The financial statements and budget documents are prepared for the same period.

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NOTE 36.1: 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	(32,143,049)	-	(32,143,049)
Changes in payables for payment of general administration cost	26,001,946	-	26,001,946
Changes in account receivables	323,989,967	-	323,989,967
Changes in payments for Sisal development and promotion	-	-	-
Depreciation and amortization	(49,305,540)	-	(49,305,540)
Changes in deferred income	(355,381,749)	-	(355,381,749)
Changes in deferred capital grant	(592,930,227)	-	(592,930,227)
Changes in investment		727,273,590	727,273,590
Actual Amount in the Statement of Financial Performance	(679,768,652)	727,273,590	47,504,938

NOTE 36.2: 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-collection and improvement of won sources
	Revenue from non-exchange transaction	The variance is due to small amount was received from the central government compared to what TSB had estimated to receive during the year
B	Payments	
	Wages, salaries and employee benefits	The different occurred due to the the salary increment during the year
	Supplies and consumables used	The variance is due to failure to implement fully the procurement plan of. Which supplies and consumables were part of
	Sisal development and promotion	The variance is due to underbudgeting of activities for sisal development and promotion
	Repair and maintenance	Most of the repairs are categorized under work in progress for the revival of processing unit in Kibaranga and Handeni, hence under utilization on this category

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No.	Category	Explanation for difference
	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 TZS 1 Billion however due to receiving less funds, they only implemented part by making advance payment for a machines. Other assets were procured but not to the extent of the budget