REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

NATIONAL SUGAR INSTITUTE (NSI)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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March 2026

AR/PA/NSI/2024/25

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.

NAOT Vision, Mission & Motto

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

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

Motto
Modernizing External Audit for Stronger Public Confidence

Core Values

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

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.

Results-Oriented: We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Team Work Spirit: We value and work together with internal and external stakeholders.

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Abbreviations

CAG	Controller and Auditor General
HIV/AIDS	Human Immunodeficiency Virus/Auto Immuno-Deficiency Syndrome
IESBA	International Ethics Standards Board for Accountants
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
NACTE	National Council for Technical Education
NACTVET	National Council for Technical and Vocational Education and Training
NBAA	National Board of Accountants and Auditors
NSI	National Sugar Institute
PSSSF	Public Sector Social Security Fund

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairperson,
Governing Council,
National Sugar Institute,
P.O. Box 97,
Kidatu, Morogoro,Tanzania

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of the National Sugar Institute, which comprise the statement of financial position as at 30 June 2025, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Sugar Institute as at 30 June 2025, 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, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in 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 National Sugar Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Land Occupied by the National Sugar Institute

The financial statements include disclosure of land in Note 5 which was not recognised in financial statements. The NSI currently occupies the land under a 99-year lease agreement with Kilombero Sugar Company Ltd (KSCL), effective from 1 October 1982, measuring approximately 39.86 hectares, located in Kilosa District, Morogoro Region on which the Institute has permanent buildings and infrastructure on the land.

According to the Lease agreement, the Lessor (KSCL) and the Lessee (NSI) agree that the Demised Premises is part of the privatized land. Based on terms and conditions of the lease agreement, the management of NSI did not include the value of that piece of land into its books of account until when it obtain a separate tittle deed for that piece of land. Currently the Management of NSI is on the process of obtaining a separate ittle deed for that piece of land so that it can incorporate it into its books of account as per IPSAS 17.

Users of the financial statements should carefully consider the information presented in the disclosures, indicating the reasons for non-recognition of land in the financial statements.

Key Audit Matters

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I conducted a compliance audit of the procurement of works, goods and services at National Sugar Institute for the year ended 30 June 2025 as per the Public Procurement Act, 2023 the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including advertising of tenders, evaluation of bids, award of contracts and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorizations before award and maintained complete transaction records.

Conclusion

Based on the audit procedures performed, I conclude that National Sugar Institute complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at National Sugar Institute for the year ended 30 June 2025 as per the Budget Act, Cap. 439 and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorizations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that National Sugar Institute complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2026

2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

In compliance with section 30 of the Public Finance Act Cap 348 and the Tanzania Financial Reporting Standard No. 1 (TFRS 1) revised) on Governance report, the Governing Council hereby submits the report together with audited financial statements of the National Sugar Institute (NSI or the Institute) for the financial year ended 30 June 2025.

2.1 Background and Establishment of NSI

The National Sugar Institute was established under the Sugar Industry Act (No. 26) of 2001. The Act came into operation on 5 July 2002 vide Government Notice No. 329 of 5 July 2002. It is situated in Kidodi Ward, Kilosa District, in Morogoro Region.

NSI is accredited by The National Council for Technical and Vocational Education and Training (NACTVET), formerly called the National Council for Technical Education (NACTE), in accordanace with the Education Act of 1997 (Act No. 9 of 1997). Its registration number is REG/EOS/020.

2.2 Mission and Vision

2.2.1 Mission Statement

The Institute's mission statement is "NSI delivers quality training, research and outreach programs through good governance, innovation and efficient use of resources that meets varying needs of stakeholders".

2.2.2 Vision Statement

The Institute's vision statement is "A centre of excellence for quality technical education in sugar and allied industries in Africa".

The National Sugar Institute (NSI) is an autonomous public training institution established under the Section 6 of the Sugar Industry Act. No. 26 of 2001. Its main functions are to develop and carrying out training, conducting research and carry out technical consultancy in order to improve productivity of the sugar industry. It is under the Ministry of Agriculture as a parent ministry.

2.3 Key Functions or Objectives

The key functions of the Institute as per Section 6 (4) of the Sugar Industry Act No. 26 of 2001 are:

- To provide central training for the sugar industry;
- To train persons as may be approved by the Institute's Governing Council in such skills as may be required by the sugar industry, including sugarcane production, harvesting,

processing, quality control, factory engineering, farm machinery, equipment engineering, basic crafts, general management and finance;

- To continuously assess the training needs of the sugar industry with a view of developing appropriate training programs and upgrade human resource skills in order to improve productivity;
- To carry out studies or investigations relating to work performance including job specifications and work standards with the aim of improving productivity;
- To carry out studies or research in sugar technology, machinery and equipment, information system to be used by the sugar industry;
- To provide other training outside the sugar industry on commercial basis as may be approved by the Council from time to time; and
- To do all such things which in the opinion of the Council are beneficial and necessary for the development of human resources in the sugar industry.

2.4 Principal Activities of the Institute

The Main functions of the Institute as provided in the Sugar Industry Act (No. 26) of 2001 are;

(i) To provide central training for the sugar industry;
(ii) To train persons as may be approved by the Institute Governing Council in such skills as may be required by the sugar industry, including sugarcane production, harvesting, processing and quality control; factory engineering; farm machinery and equipment engineering; basic crafts; general management and finance;
(iii) To continuously assess the training need of the sugar industry with a view of developing appropriate training programs and upgrade human resource skills in order to improve productivity;
(iv) To carry out studies or research in sugar technology, machinery and equipment; and information systems to be used by the sugar industry;
(v) To provide technical consultancy services;
(vi) To provide such other training outside the sugar industry on commercial basis as may be approved by the Council from time to time;
(vii) To do all such things which, in the opinion of the Council, are beneficial and necessary for the development of human resources in the sugar industry; and
(viii) To perform all such duties and functions as stipulated in the Act that established the Institute.

2.5 Training

The Institute was established to cater for the training of craftsmen and artisans for a growing sugar industry in the country. The Institute therefore conducts trainings in the fields of mechanics; electrical and electronic engineering; sugar technology; and sugarcane production both at artisan and craftsman levels.

2.5.1 Other Services

The Institute also engages itself in training of sugarcane out-grower farmers.

2.5.2 Evaluation and Testing

Training provided by the Institute is geared towards providing practical oriented education to students. Therefore, evaluation and testing of students is based on both theoretical as well as practical knowledge. Students are also at liberty to do the Government Trade Test Examinations.

2.6 Council Operational Model

The Institute Council is the highest organ of the National Sugar Institute (NSI) established under Act 26 of 2001, section 6 (2) second schedule. The Council consists of chairperson and six members, all of them are Tanzanian Nationals. Apart from the Secretary to the Council who is the principal, the seven members are non-Executive Councillors. The Governing Council is chaired by a member who has no executive function. The other six members of the Council include three members representing the Tanzania Sugar Producers Association, one from the Tanzania Sugarcane Growers Association, one member from the Technical Training Institute and one representing the Board; about 73% of which are male and 27% female. The Council is confident that, its members have the knowledge, talent and experience to lead the Institute. The non-executive members are independent of Management and exercise their independent judgement. With the depth of experience, they appropriately add value to Council deliberations. The areas of expertise and proportion in gender to members of the Council is 5:2.

2.7 The Governing Council

Current Governing Council members were appointed for tenure of three years with effect from 14 April 2023. The following are members of the Governing Council whose term of service runs from 14 April 2023 to 13 April 2026;

Table 1: Governing Council

S/N	Name	Position	Qualification/ Discipline	Nationality	Appointment Date	End Date	Age (Years)
1.	P 8596 Brig Gen Denis Filangali Mwila	Chairman	MA in Strategic and Peace Studies. BA in Mass Communication. Diploma in Defence and Security study. Certificate of Law in Armed conflict	Tanzanian	06/03/2026	06/3/2029	56
2.	Dr. Leonard D. Akwilapo	Chairman	PhD (Inorganic Chemistry), M.Sc.	Tanzanian	14/4/2023	05/3/2026	63

			(Chem.), B.Sc. (Ed.), Diploma in Ed. (Science)				
3.	Prof. Kenneth M. K. Bengesi	Member	PhD (Strategic Entrepreneurship and Business Management), Postgraduate Diploma (Economics and Management Science), M.Sc. Agriculture (Soil Science and Land Management), B.Sc. Agriculture (Crop Science and Production).	Tanzanian	14/4/2023	13/4/2026	57
4.	Mr. Jafari Ally Omari	Member	LLB and MBA	Tanzanian	14/4/2023	13/4/2026	56
5.	Dr. Nessie D. Luambano	Member	PhD (Plant Nematology), M.Sc. (Tropical Agriculture Development), M.Sc. (Soil Science & Land Management), B.Sc. (Agriculture General)	Tanzanian	14/4/2023	13/4/2026	52
6.	Mr. Bakari I. Mkangamo	Member	CSEE	Tanzanian	14/4/2023	13/4/2026	41
7.	Mr. Said Nassoro Mohamed	Member	M.Sc. (Finance and Investment), BD in Business Management, Higher National Diploma in Business Studies, Accounting, Economy and Marketing	Tanzanian	14/4/2023	13/4/2026	40
8.	Mrs. Diana Mwakitwange	Member		Tanzanian	14/4/2023	13/4/2026	55

Source: National Sugar Institute governance records

During the year under review the Governing Council met and discuss the following matters;

(i) Progress reports for the period ended 30 June 2024 (each quarter report),
(ii) Staff and administrative matters;
(iii) Institute Annual budget;
(iv) Academic Progress Reports;
(v) Financial Reports
(vi) Audit Report on Financial Statements 2023/2024 and
(vii) Strategic Plan 2024/25 to 2028/29.

Table 2: Governing Council and Its Committees' Meetings Attendance During the Period Ended 30 June 2025

The Governing council held one meeting on 15 April 2025 for the year ended 30 June 2025 and attendance was as follows:

S/No	Name	Position	3rd Quarter
1	Dr. Leonard Akwilapo	Chairperson	a
2	Prof. Kenneth M.K. Bengesi	Member	x
3	Jaffari Ally Oari	Member	x
4	Dr. Nessie D. Luambano	Member	a
5	Mr. Bakari I. Mkangamo	Member	x
6	Mr. Said Nassoro Mohamed	Member	x
7	Mrs. Diana Mwakitwange	Member	x
	Total Attended		5

Source: National Sugar Institute Governance records

Key
x = Attended
a = Absent with apology

2.8 Institute Governance

The power to carry out the functions and management of the Institute is vested in the Governing Council. The Institute is headed by the Principal who is responsible for the day-to-day running of its activities. The Principal is assisted by two Deputy Principals, one in charge of Finance and Administration and the other responsible for Academics, Reserach and Consultancy.

The management team of the Institute is composed of the those listed below:

Table 3: Management Team

Names	Position	Employed from
Aloyce Kasmir	Principal	11/10/2007
Amos M. Mwendawila	Accountant/ Ag. DFA	01/04/2021
Shida Lushinge	Ag. Coordinator of Studies	10/06/2010
Deodatus Peter	Planning Manager	24/02/2009
Grant Jacob	Human Resource Officer	01/12/2004
Mwanaidi Japhary	Ag. Assistant Coordinator Studies	26/04/2009
Aida Mahamudu	Ag. Head of PMU	20/04/2022
Richard Nasson	Trade Union Leader	01/03/2009

Source: National Sugar Institute

2.9 Financial Performance and Operating Results

During the year 2024/25 revenue recorded an increase of TZS 285,240,705 over 2023/24 revenue. While total revenue for 2023/24 was TZS 1,786,041,235, it increased to TZS 2,071,281,940 in 2024/25, as per analysis below:

Table 4: Financial performance results

Revenue	2024/25	2023/24	Increase/ (Decrease)	% Change
	TZS	TZS	TZS	
Government Subvention	883,857,460	669,152,360	214,705,100	32.09
SIDTF Contribution	205,000,000	550,000,000	(345,000,000)	(62.73)
Tuition Fees	885,857,000	378,293,400	507,563,600	134.17
Other Revenue	96,567,480	188,595,475	(92,027,995)	(48.80)
Total	**2,071,281,940**	**1,786,041,235**	**285,240,705**	**15.97**

Source: National Sugar Institute financial records/statements

The increase in revenue was mainly attributed by increase in Government subventions and increase of student tuition fees (due to increase of enrolment) which generated increases of TZS 214,705,100 and TZS 507,563,600 respectively.

Operating results for the year ended 30 June 2025 was a deficit of TZS 316,225,385, compared to a deficit of TZS 588,807,306 for the year ended 30 June 2024. This deficit was a result of not receiving funds as per approved budget from both Government and SIDTF.

2.10 Analysis of Cash Flows

During the financial year ended 30 June 2025, the Institute's has increase in cash and cash equivalents of 138,004,234, compared to TZS 95,035,156 in the previous year.

- Total receipts increased by 13.3% to TZS 2,102,170,841. Notably, receipts from Exchange Transactions (primarily tuition fees and internal revenue) grew significantly by 59.4% (from TZS 635.7 million to TZS 1.01 billion). This shift reduced the Institute's absolute dependency on non-exchange transactions (subventions), which saw a slight decline from the previous year.

- Cash Outflows: Operating payments rose to TZS 2,047,337,763. The largest driver was Wages, Salaries, and Employee Benefits, which accounted for 67% of total operating cash outflows. This reflects the Institute's investment in human capital, including the hiring of 8 additional tutors to support increased enrolment.
- The Institute generated a positive net cash flow from operating activities of TZS 54,833,078. This indicates that the Institute's core mandate (training) is now generating enough cash to cover its day-to-day operational costs.
- To fund the planned 2024/25-2028/29 Strategic Plan, the Institute is focusing on "Internal Revenue Mobilization." While current cash generation is sufficient for basic operations, our ability to fund capital-heavy growth (like the proposed research and consultancy wing) depends on the stabilization of SIDTF contributions and the successful approval of our new Strategic Corporate Plan by the Treasury Registrar.

2.11 External Environment & Operations context

The Institute operates within the broader framework of the Tanzanian Sugar Industry, which is currently undergoing expansion to meet national self-sufficiency goals.

- **Operational Context:** Our performance this year was driven by a strategic shift toward increasing student enrolment (up 134% in tuition revenue) to meet the industry's demand for skilled labor. However, our reliance on the Sugar Industry Development Trust Fund (SIDTF) and Government subventions makes our financial position sensitive to national fiscal priorities.

- **External Environment:** During the 2024/25 period, the external environment was characterized by fluctuating sugar production levels and inflationary pressures on teaching materials. The 62.7% decrease in SIDTF contributions reflects a tighter funding environment within the private sugar sector, which directly impacted our ability to meet our full budgeted expenditure, resulting in the reported deficit.

2.12 Future Plans

Presently the Institute is focusing on the training aspects of its functions. However, with fulfilment of the capacity building program it is envisaged that the Institute will soon venture into research and consultancy services to the sugar industry.

2.13 Principal Risk and Uncertainties

2.13.1 Council's Responsibility in Internal Control and Risk Management

The Council is ultimately responsible for risk management, determining the internal controls operated by the Institute and monitoring for the effectiveness of the control environment. Management responsibility is to ensure that, adequate internal financial and operational controls are developed, reviewed and maintained continually and sustainably in order to provide reasonable assurance about:

i. The effectiveness and efficiency of operations,
ii. The safeguarding of Institute/public assets with value addition as per GAMIS and in compliance with applicable laws, regulations, policies, procedures etc,
iii. The reliable of accounting records,
iv. Business sustainability under normal as well as adverse conditions and
v. Responsible business behaviour towards all stakeholders.

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

Table 5: Types of Risks and Mitigation Measures

Types of Risks	Risk	Mitigation Measures
Strategic	Disruption from other competitors	Continually invest in research and development to innovate products and services to retain competitive edge in the market
Commercial	Inability to meet short term financial obligations	Diversify product or service lines to increase sources of revenue to sustain short term debts
Operational	Human capital risk	Invest and upgrade employees' productivity and reskilling through continues education programs e.g. seminars and long term sponsored training
Financial - Currency and Credit Risk	Financial constraints	Products, services and market diversification to secure improved market competitive edge
Compliance	Issues related to corporate governance e.g. fraudulent acts or collusion through falsification of records, misrepresentation etc	Issue and adoption of Comprehensive ethical guidelines on employee's behaviour and strict observance.
Liquidity/ Fundin	Restricted Government subvention and SIDTF contributions for funding	Resort to sizeable internal revenue mobilization towards becoming self-reliant.
Technical Risk	Restricted access to sensitive information	Role based control (RBAC)

Source: NSI Risk Framework and Register

2.14 Key Performance Indicators (KPIs)

The overall goal of the NSI strategic action plan 2024/2025 to 2028/2029 is to enable the Institute become a reputable world-class Institute, that, contributes and responsive to the broad national, regional development agenda. It is envisaged that, significant movements towards the vision of the Institute have been achieved above average through the implementation of the following seven (7) strategic objectives despite the financial constraints encountered.

The Seven (7) strategic objectives are as follows

i) A: Health services improved, and HIV/AIDS and non-communicable diseases controlled
ii) B: National Anti-Corruption Strategy implemented
iii) C: Training programs strengthened;
iv) D: Research collaborations fostered
v) E: Linkages, collaborations, partnerships, and outreach
vi) F: Institutional sustainability enhanced
vii) G: Good governance and administrative services enhanced

Table 6: NSI Strategic Corporate plan Progress Report for the financial year July 2024 - June 2025

Purpose of Target Area	Definition	Calculation Method	Implementation Status	Achievement (%)	Source of Data
A: Health services improved, and HIV/AIDS and non-communicable diseases controlled	Evaluate the quality and accessibility of health services, particularly in HIV/AIDS awareness	Conduct 1 seminar campaign on HIV/AIDS and non-Communicable disease	One HIV/AIDS seminar conducted	100	HR Training /seminar Reports
B: National Anti-Corruption Strategy implemented	Measure the Implementation of the Anti-Corruption Strategy and its Impact	To conduct one training on how to fight against corruption to NSI staff, community and students	One training conducted	100	HR Training /seminar Reports
C: Training programs strengthened;	Strength the NSI Products and services and improvement in access and quality of training programs	Enrol 800 students by June, 2025	621 students enrolled	78	Academic Report
		Conduct 1 tracer survey by June, 2025	Not conducted due to lack of funds	-	Academic Report
		To hire 10 tutors to help teaching	8 tutors hired	80	HR Records/ report
		To review curricular	Initial started l	30	Academic Report
		Ensure teaching materials are procured by 100%	Teaching materials by 60%	60	PMU Reports
		To conduct two (2) quality assurance and control meetings	Conducted 2 quality assurance and control meetings	100	Assurance Committee Reports

Purpose of Target Area	Definition	Calculation Method	Implementation Status	Achievement (%)	Source of Data
D: Research collaborations fostered	Increase of research collaboration with other Research Institutes	Increased collaborative Research with 2 Institutes	Not conducted due to lack of funds	-	Academic Report
E: Linkages, collaborations, partnerships, and outreach program intensified	Intensified Linkages, collaborations, partnerships, and outreach program	• Increased collaborative activities with sugarcane growers	Not conducted due to lack of funds	-	Academic Report
		• Increased collaborative activities with sugar producers	Not conducted due to lack of funds	-	Academic Report
		• Increased joint activities with research institutions	Not conducted due to lack of funds	-	Academic Report
		• Increased linkages with training institutions	Not conducted due to lack of funds	-	Academic Report
		Increased partnerships with sugar industry technology suppliers	Not conducted due to lack of funds	-	Academic Report
F: Institutional sustainability enhanced	Enhance the Effectiveness of Resource Mobilization and Sustainability	Facilitate the preparation of the Annual Action Plan (AAP) and Budget	Annual Action Plan and budget prepared and submitted to relevant parties, approved along with parent Ministry annual budget.	100	Parent Ministry approved budget
		To prepare and submit NSI 2024/25 to 2028/29 Strategic Corporate Plan (SCP)	The draft SCP already submitted to Governing Council for review and endorsement, and further action by parent Ministry and finally Treasury	75	Principal

Purpose of Target Area	Definition	Calculation Method	Implementation Status	Achievement (%)	Source of Data
			Registrar approval		
G: Good governance and administrative services enhanced	Measure improvement in governance structures and administrative practices	To review organization structure in line with organization strategies	Reviewed organization structure, updated and approved	100	Approval by UTUMISHI
		To conduct four Governing Council meetings	Three conducted	75	Governance records
		To prepare and adopt harmonized scheme of service	Scheme of service preparede and implemented	100	Principal
		To submit draft final financial statements 2023/24 for final audit	Audit field work completed,	100	NAO Certification

Source: NSI Secretary to Budget Committee Reports, 2024/2025

2.15 Council Members' Interests

The Institute's Governing Council is guided by the principle of pursuit of national interests. Governing Council members have no personal interests in the affairs of the Institute.

2.16 Related Party Transactions

Related parties in the context of National Sugar Institute were senior management staff and members of the Governing Council. Related party transactions with them are shown in **Note 1.16** to the financial statements.

2.17 Students' Welfare

The Institute endeavours to continue improving students' welfare, including library services, cafeteria services, hostel facilities, medical care and recreational facilities. During the year under review sufficient funds were allocated to student facilities and materials.

2.18 Persons with Disabilities

It is the Institute's policy to give equal opportunity to disabled persons in employment and student admission. During the year under review the Institute had no disabled staff members and no disabled students.

2.19 Employees' Welfare

The Institute provides support to employees in accordance with Government directives; staff regulations; schemes of service; and incentive packages approved by the Governing Council from time to time.

(i) Staff Relations

There continued to exist good relations between employees and management during the year ended 30 June 2024. There were neither staff nor student disputes during the year.

(ii) Employees Benefit Plan

The Institute contributes to a publicly administered pension plan - Public Sector Social Security Fund (PSSSF) - which qualify as a defined contribution plan, on a mandatory basis.

(iii) Gender Parity

Recruitment of permanent staff is vested to the President's Office - Public Service Management and Good Governance "UTUMISHI" in all Government entities which include Ministries and their Agencies NSI inclusive. In that case, gender parity issues are vested under UTUMISHI.

During financial year under review, the Institute had 49 employees (36 in 2023/24) with the proportion of 71% male and 29% female as shown in Table 3 below.

Table 7: The proportion of NSI employees in consideration of gender for the financial year 2024/25

Gender	2024/25		2023/24	
	Units	Percentage (%)	Units	Percentage (%)
Male	35	75	27	75
Female	14	25	9	25
Total	49	100	36	100

Source: NSI Human Resource Department Records 2023/2024

2.20 HIV/AIDS Mitigation

It is the policy of the Institute to conduct HIV/AIDS awareness raising seminars at workplace to both staff and student communities.

2.21 Tax Payers' Fund

Tax Payers' Fund stated at TZS 492,424,310 represents the value of net assets taken over from the defunct Sugar Development Corporation (SUDECO).

2.22 Going Concern

The Institute is mainly funded by the Government for its capital as well as recurrent expenditure. Additional funding is obtained from the Sugar Industry Development Trust Fund and internally generated funds, mainly from student fees in respect of various courses conducted by the Institute. The Governing Council is certain that these sources of funding will continue to be available in the foreseeable future.

2.23 Corporate Governance

The National Sugar Institute is an autonomous entity, fully owned by the Government of Tanzania. The owner oversight role is primarily exercised by the Treasury Registrar and secondarily by the Ministry of Agriculture, which is the parent Ministry of the Institute. The Sugar Industry Act vests the Governing Council with policy making responsibilities and making of major decisions for the Institute. The day-to-day activities of the Institute are under the principal who is assisted by two (2) Deputy Principals.

2.24 Auditors

The Controller and Auditor General is the Statutory Auditor of the National Sugar Institute by virtue of Article 143 of the Constitution of the United Republic of Tanzania, as amplified by Sections 5, 9, 12 and 32 of the Public Audit Act (No. 11) Cap 418. However, Pima Associates Certified Public Accountants and in Practice were mandated to conduct the audit of the Institute for the year ended 30 June 2025 on behalf of the Controller and Auditor General by virtue of Section 33 (1) of the Public Audit Act No. 11 Cap 418.

Filangali ....

Brig Gen Denis Filangali Mwila

Chairperson

....

Aloyce Kasmir

Principal

Date: 17/3/2026

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Governing Council of the National Sugar Institute is responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position as at 30 June 2025, the Statement of Financial Performance, the Statement of Changes in Assets, the Cash Flow Statement, and the Statement of Comparison of Budget and Actual Amounts 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 Basis of Accounting.

The Governing Council's responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Governing Council has assessed the ability of the Institute to continue as a going concern and has no reason to believe that the organization will not be a going concern in the financial year ahead.

Brig Gen Denis Filangali Mwila	Aloyce Kasmir
Chairperson	**Principal**

Date: 17/3/2026

4.0 STATEMENT OF DECLARATION OF THE HEAD OF ACCOUNTING

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

It is the duty of a Professional Accountant to assist the Management to discharge the responsibility of preparing financial statements of the entity showing a true and fair view of its financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Institute's Governing Council as stated in the Statement of Responsibility for the Financial Statements above.

I, CPA Amos Amoni Mwendawila, being the Head of Accounting of the National Sugar Institute hereby acknowledge my responsibility for ensuring that the financial statements for the year ended 30 June 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view of the financial affairs of the National Sugar Institute as on that date and that they have been prepared based on properly maintained financial records.

Signature: ....

Name: CPA (T) Amos Amoni Mwendawila

NBAA Membership No: ACPA 3569

Position: Head of Finance

Date: 18/03/2026

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	NOTES	2024/25	2023/24
ASSETS		TZS	TZS
Current assets			
Cash and cash equivalents	2	136,106,335	93,766,986
Receivables	3	46,175,450	140,479,549
Inventories	4	52,517,943	55,719,534
Total Current Assets		**234,799,728**	**289,966,069**
Non-current assets			
Property, Plant and Equipment	5	4,371,500,306	4,598,546,808
Total non-current assets		**4,371,500,306**	**4,598,546,808**
Total assets		**4,606,300,034**	**4,888,512,877**
LIABILITIES			
Current liabilities			
Accounts Payables and Accruals	6	103,542,838	69,530,296
		103,542,838	69,530,296
Net Assets		**4,502,757,196**	**4,818,982,581**
NET ASSETS/EQUITY			
Capital contributed by			
Capital Fund	16	492,424,310	492,424,310
Accumulated surpluses/(deficits)		4,010,332,886	4,326,558,271
Total net assets/equity		**4,502,757,196**	**4,818,982,581**

Notes form part of these Financial Statements.

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Brig Gen Denis Filangali Mwila

Chairperson

....

Aloyce Kasmir

Principal

Date: 17/3/2026

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	NOTES	2024/25 TZS	2023/24 TZS
Revenue			
Revenue from exchange transactions	7	982,424,480	566,888,875
Revenue from non-exchange transactions	8	1,088,857,460	1,219,152,360
ECL Gain	2	-	2,125,930
Total Revenue		**2,071,281,940**	**1,788,167,165**
Expenses			
Wages, salaries, and employee benefits	9	1,402,874,929	1,183,143,871
Students Costs	10	249,688,915	195,329,878
Premises Costs	11	161,453,685	221,027,448
Administrative Costs	12	270,268,168	283,161,821
Depreciation	5	238,910,501	358,523,139
ECL Expenses	2	629,729	135,788,314
Bad debts written off		63,681,398	-
Total Expenses		**2,387,507,325**	**2,376,974,471**
Deficit for the year		**(316,225,385)**	**(588,807,306)**

Notes form part of these Financial Statements.

Mangali ....

Brig Gen Denis Filangali Mwila — Aloyce Kasmir

Chairperson — **Principal**

Date: 17/3/2026

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2025

Particulars	Contributed Capital	Accumulated Surplus/(Deficit)	Total
Balance as at 1 July 2024	492,424,310	4,326,558,271	4,818,982,581
Deficit for the year		(316,225,385)	(316,225,385)
Balance as at 30 June 2025	492,424,310	4,010,332,886	4,502,757,196

Particulars	Contributed Capital	Accumulated Surplus/(Deficit)	Total
Balance as at 1 July 2023	492,424,310	4,915,365,577	5,407,789,887
Deficit for the year		(588,807,306)	(588,807,306)
Balance as at 30 June 2024	492,424,310	4,326,558,271	4,818,982,581

Notes form part of these Financial Statements.

Brig Gen Denis Filangali Mwila
Chairperson

Aloyce Kasmir
Principal

Date: 17/3/2026

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2025

CASH FLOWS FROM OPERATING ACTIVITIES		**2024/25**		**2023/24**
		TZS		**TZS**
Receipts from				
Exchange transactions	13.2	1,013,313,381		635,753,027
Non-Exchange Transactions	13.1	1,088,857,460		1,219,152,360
Total Receipts		**2,102,170,841**		**1,854,905,387**
Payments				
Wages, salaries, and employee benefits	13.3	(1,373,581,970)		(1,184,027,392)
Payments to Suppliers and Other Government Institutions	13.4	(673,755,793)		(683,277,636)
Other payments	13.5			(963,594)
Total Payments		(2,047,337,763)	0	(1,868,268,622)
Net cash flows from operating activities		**54,833,078**		**(13,363,235)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Infrastructure, plant and equipment	14	(11,864,000)		(137,862,000)
Net cash flows from investing activities		(11,864,000)		(137,862,000)
Net increase/(decrease) in cash and cash equivalents		**42,969,078**		**(151,225,235)**
Cash and cash equivalents at beginning of period		95,035,156		246,260,391
Cash and cash equivalents at end of period		**138,004,234**		**95,035,156**

Notes form part of these Financial Statements.

Brig Gen Denis Filangali Mwila
Chairperson

Aloyce Kasmir
Principal

Date: 17/3/2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Particulars	Original Budget	Final Budget	Actual Amount on Comparable Basis	Variance	Percentage (%)	Reason for Variance
RECEIPTS:						
Receipts from Non-Exchange Transactions	2,559,518,500	2,559,518,500	1,088,857,460	1,470,661,040	57	A
Receipts from Exchange Transactions	702,810,000	702,810,000	1,013,313,381	-310,503,381	-44	B
TOTAL RECEIPTS	**3,262,328,500**	**3,262,328,500**	**2,102,170,841**	**1,160,157,659**	**36**	
PAYMENTS:						
Wages, salaries, and employee benefits	1,370,211,342	1,370,211,342	1,373,581,970	-3,370,628	-0.2	
Payments to Suppliers and Other Government Institutions	1,182,117,158	1,182,117,158	673,755,793	508,361,365	43	C
Total Payments	**2,552,328,500**	**2,552,328,500**	**2,047,337,763**	**504,990,737**	**20**	
Net receipt / (Payments)	710,000,000	710,000,000	54,833,078	655,166,922	92	
Capital Expenditure	710,000,000	710,000,000	11,864,000	698,136,000	98	D
Net receipt after capital expenditure	-	-	**42,969,078**			-

Brig Gen Denis Filangali Mwila

Chairperson

Date: 17/3/2026

Mr. Aloyce Kasmir

Secretary

Reasons for significant variances

A	Funds from Government were not transferred as planned. Also, SIDTF were facing financial difficulties, they couldn't provide funds as per approved budget.
B	Increased effort by the Management in collection of revenue from own sources, such as Increase enrolment and introduction of short courses.
C	Due to Funds reduction as a result of financial difficulties at SIDTF and Funds from the Government were not received as planned, then the Management cut down a number of expenditures.
D	Development Funds from Government and SIDTF were not transferred as planned.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently for all the years presented except, if mentioned otherwise.

Certain comparative amounts in the statement of financial statements have been restated, reclassified or re-represented as a result of a change in accounting policy, a correction of prior year error or a change in classification of any accounting item e.g. depreciation expense during the current year etc.

1.1 Basis of Preparation

The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on accrual basis. They have been prepared under the historical cost conversion unless explicitly stated otherwise.

These financial statements have been prepared on the basis of going concern assumption. The validity of this assumption will largely depend on ability of the Institute to meet its maturing short-term maturing obligations as they fall due in the foreseeable future.

The preparation of financial statements in conformity with IPSAS requires the use of accounting estimates and assumptions that affect the presented and disclosed account balances of assets and liabilities, the disclosure of contingent assets and contingent liabilities as at date of the financial statements and the presented and disclosed amounts of revenue and expenditure during that reporting financial year.

Although these accounting estimates and assumptions are based on Management best knowledge of current events and action, actual results ultimately may differ from those estimates and assumptions. Hence, accounting estimates and assumptions are continually evaluated and are based on historical experience and other factors, including accounting estimates of future events that are believed to be reasonable under the circumstances.

Statement of Compliance

The Institute financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis issued by the International Public Sector Accounting Standards Board (IPSASB).

1.2 Functional and Presentation Currency

The Institute's financial statements are presented in Tanzania Shilling (TZS), which is the functional and presentation currency of the Institute. The financial statement presentation has been rounded off to the nearest Shilling.

1.3 Changes in Accounting Policy

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

1.3.1 Impact of Changes in Accounting Policy

The impact of introducing IPSAS 41 is the emergency of the 'expected credit loss' /'gain' in the financial statements by having different account balances of cash and cash equivalents presented and disclosed in the statement of financial position as at that date and the statement of cash flows with exposure at default (EAD) (balance) at the end of the financial year. The IPSAS 41 also has led to the restatement of the accumulated surpluses after the introduction of the ECL.

1.3.2 Model Governance Processes of IPSAS 41

Model governance elaborates activities and responsibilities in development and updating ECL models for cash and cash equivalents and accounts receivable. Key activities to be governed include: team formation; data collection; data extraction; validation; updating; model review and approval; preparation of accounting entries of model of ECL model. Full model development and ownership requires the Institute to have sufficient number of employees with technical and analytical skills that ensure the development of ECL model meets the requirements and the expected results as stated in IPSAS 41

1.4 Property, Plant and Equipment

Plant and Equipment are stated and recorded at cost less accumulated depreciation and less accumulated impairment loss. Cost comprises of expenditure that is directly attributable to the acquisition (i.e., direct purchase or construction) of the item. Subsequent costs are included in the asset's carrying amount, or recognized as a separate asset, only when it is probable that the future economic benefits associated with the use of the asset will flow to the Institute and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the period in which they are incurred.

Depreciation is calculated on a straight-line basis to write down the cost of each individual asset or its revalued amount, to each asset's residual value over the expected useful life as follows:

Asset Description	Estimated Useful Life (Years)	Rate per Annum (%)
Office and Residential Buildings	50	2
Motor Vehicles	10	10
Motor Cycles	7	14.29
Furniture and Fittings	10	10
Plant and Machinery	15	6.67
Tools and Equipment	10	10
Computer and Accessories	8	12.5

Intangible assets e.g., accounting packages and other computer software - 10-year (12.5%) amortization rate.

The carrying value of cash generating plant, property and equipment are reviewed when events or changes in circumstances indicate that, the carrying value may not be recoverable and its life span and economic benefits conditions.

Assets are subject to annual reviews to determine their remaining economic lives. Consideration is given to the appropriateness of the asset's value, its anticipated useful life and any other factors affecting its usefulness.

The review of remaining useful life of the asset considered its existing condition which included, among others, very good, Good, Fair, Poor, Very Poor attached to the assets with different investment decision making. An Asset with good condition is expected to remain productive for longer time than that with poor condition. An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying/recoverable amount) is included in the statement of financial performance in the financial year the asset is de-recognized. The residual values, useful lives and method of depreciation method applicable is reviewed and adjusted appropriately each financial year to cause prudence financial reporting.

Therefore, items of Property, Plant and Equipment are stated in the financial statements at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Assets that have an indefinite are subject to depreciation and are tested annually for impairment events or change in circumstances indicate that, the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its recoverable amount, it is considered impaired and is written down to its recoverable amount. Assets which were acquired with marginal amount or it carrying amount cannot be ascertained will be valued to establish is deemed cost as per IPSAS 33 para 65.

The value of land which NSI occupy is not included in the financial Statements pending completion of its ownership process and valuation. The land was previously owned by the Government of the United Republic of Tanzania and later privatized along with Kilombero Sugar Company Ltd.

1.5 Financial Assets (Loans and Trade Receivables)

Financial assets comprise of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted on an active market. They are classified as non-current assets if their maturities are greater than twelve (12) months. Loans and receivables with maturities of twelve months or less are recognized and classified as current assets in the statement of financial position.

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less assessment for impairment.

Management assessment for impairment of receivable is established when there is objective evidence that, the entity will not be able to collect all amount due according to the original terms of receivables. The assessed amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The assessed amount in form of impaired asset is recorded in the statement of comprehensive income as an expense to the Institute.

Impaired assets are subsequently written-off in books of account after all measure to recover them prove futile and after authorization and Governing Council approval is obtained.

(a) Provision for Impairment on Trade Receivable (IPSAS 41)

The Institute Management reviews its trade receivable to assess impairment at least annually. In determining whether an allowance for probable losses should be recorded in the statement of financial performance, Management makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimate future cash flows in an individual loan guaranteed.

This evidence may include observable data indicating that, there has been an adverse change in the payment status of customers or local or national economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence impairment similar to those in trade receivables when scheduling its future cash flows. The methodology and assumptions used for estimating both for the amount and timing of future cash flows is reviewed regularly to reduce any differences between loss estimates and actual loss experienced.

The amount of the accumulated impairment is the difference between the asset's carrying amount and the realizable amount. The amount of the yearly assessed impairment loss is charged to the statement of financial performance.

When a receivable is determined to be uncollectible, it is fully written-off against the accumulated impairment loss account. Subsequent receipt of amounts previously written off is credited to the statement of financial performance.

(b) Impairment of Non-financial Assets (IPSAS 21)

NSI assesses at each reporting date whether there an indication that, an asset may be impaired. If any such indication exists, or any annual impairment testing for an asset is required NSI Management makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets or cash generating unit or fair value less costs to sell or and its value in use and is determined for an individual asset unless the asset does not generate cash inflows which is largely independent from those of the other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount of the same asset, that asset is considered impaired to the extent of the determined excess amount and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the statement of performance in those expenses categories consistent with the function of the impaired asset. An assessment is made at every reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in the statement of financial performance. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

1.6 Provisions

Provisions are recognized when the Institute has a present legal or constructive obligation as a result of past events, and if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made. Where the Institute expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

1.7 Revenue Recognition

NSI revenue comprises of revenue from exchange transactions (IPSAS 9) and revenue from non-exchange transactions (IPSAS 23).

1.7.1 Revenue from Exchange Transactions (IPSAS 9)

Revenue from exchange transactions includes the gross inflows economic benefits or services potential received or receivable by an entity on its account. Exchange transactions are transactions of which one entity receives assets or services or has a liability extinguished and directly gives approximately equal value (primarily in form of goods, services or use of assets) to another entity in exchange in an arms-length transactions.

In this case, revenue is recognized by NSI only when it is probable that economic benefits or service potential associated with the transaction will flow to the Institute.

Exchange transactions for the Institute mainly fall under students' contributions, rental revenue and miscellaneous revenue.

a) Students Contributions/Fees

Students' fees revenue is recognized in the accounting financial year in which the related academic year falls on accrual basis IPSAS

b) Rental Revenue

Rental revenue is mainly from the rented properties from third parties such as bank, factory employees in the locality and other individuals.

1.7.2 Revenue from Non-Exchange Transactions (IPSAS 23)

The Institute receives non-exchange transactions in form of Government subvention and contributions from the Sugar Industry Development Trust Fund (SIDTF) through yearly approved budgets.

Funds disbursed by the Government to the Institute to assist in carrying out its functions are credited to the Statement of Financial Performance. Those disbursed in form of property, plant and equipment are credited as Capital Grant in the Statement of Financial Position. The grants are accounted for in the year in which they are received.

Revenue from non-exchange transactions is measured the by the amount of the increase in net assets recognized by the Institute.

1.8 Inventories (IPSAS 12)

Inventories related to consumables are valued at lower of cost stated at the lower of cost of the replacement cost while those related to sales are valued at net realizable value. Cost is determined using the weighted average cost method. Cost comprised of the actual cost of purchased inventory and its associated incidental processing cost. To that effect, therefore, the value of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in an unquoted open market less applicable selling expenditure.

Inventory related to supplies and consumables are valued at replacement cost while those related to sales are valued at net realizable value.

1.9 Cash and Cash Equivalents

Cash and cash equivalents as at 30 June 2025 have been affected by the adoption of IPSAS 41 - Financial Instruments which require the provision of for the cash and cash equivalents for the amounts reported in the statement of financial position, making difference amount reported in statement of financial position and that reported in statement of cash flow. The calculation is based on the bank rated probability of default (PD) and the loss given default (LGD), which according to the regulations when bank defaults, the deposit will be able to recover up to TZS 7,500,000 only. The impact of IPSAS 41 has been reported retrospectively.

Table 4: ECL Computation 2023/2024

Name of Bank	AS At 30 June, 2024 (EAD) - TZS A	PD B	LGD C	ECL Computation TZS D=AxBxC	Carrying Value (TZS) A - D
NSI Bank a/c	47,575,154	0.0216	0.84	863,203.59	46,711,950.41
NBC Ubungo Branch	975,381	-	-	-	975,381
BOT Collection a/c	11,887,665	-	-	-	11,887,665
NSI Self Help Fund	20,358,676	0.0216	0.63	277,040.86	20,081,635.14
NSI Petty Cash	313,100	-	-	-	313,100
NSI SIDTF Petty Cas	465,000	-	-	-	465,000
NSI SIDTF Bank a/c	13,460,180	0.0216	0.44	127,925.55	13,332,254.45
TOTAL	**95,035,156**			**1,268,170**	**93,766,986**

Source: Auditor's analysis of financial statements

Table 5: ECL Computation 2024/25

Name of Bank	AS At 30 June, 2024 (EAD) - TZS A	PD B	LGD C	ECL Computation TZS D=AxBxC	Carrying Value (TZS) A - D
NSI Bank a/c	267,724.14	-	-	-	267,724.14
NBC Ubungo Branch	975,381.00	-	-	-	975,381.00
BOT Collection a/c	39,156,600.00	-	-	-	39,156,600.00
NSI Self Help Fund	95,361,051.77	0.0216	0.9214	1,897,898.54	93,463,153.23
NSI Petty Cash	323,000.00	-	-	-	323,000.00
NSI - GePG A/C	1,767,000.00	-	-	-	1,767,000.00
NSI SIDTF Petty Cas	0.00	-	-	-	0.00
NSI SIDTF Bank a/c	153,476.70	-	-	0	153,476.70
TOTAL	**138,004,233.61**			**1,897,898.54**	**136,106,335.07**

Source: Auditor's review of financial statements

1.10 Payables and Accruals

Payables are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for more than twelve (12) months after the end of the financial year under review.

1.11 Income Tax

The Institute, being an organization wholly owned by the Government of Tanzania, and whose budget is substantially out of Government subvention is not liable to pay Income Tax as per the Second Schedule of the Tanzania Income Tax Act, 2004.

1.12 Employee Benefits

(a) Retirement benefits

The National Sugar Institute has a statutory obligation to contribute to various pension schemes in favour of its employees. The Institute pays contributions to the Public Sector Social Security Fund (PSSSF), which is a publicly administered defined contribution plan.

After paying contributions into the contribution plan, the Institute has no legal or constructive obligation to pay further contributions if the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The Institute's contributions to the defined contribution scheme are charged to expense in the statement of financial performance in the year in which the rendered services relate.

(b) Short-term benefits

The cost of all short-term employee benefits such as salaries, employee entitlements, leave pay, medical aid, long service award and other contributions are recognized during the period in which the employees render the related services.

(c) Terminal benefits

Terminal benefits are payable whenever an employee's services are terminated before the retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Institute recognizes termination benefits when it is constructively obliged to either terminate the employment of the current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.13 Financial Risk

The Institute's activities do not expose it directly to financial risks such as credit or foreign currency risk.

Cash flow interest rate risk and liquidity risks are managed through a deliberate management policy of limiting expenditure to budgeted amounts and to actual cash inflows.

The Institute's exposure to each of the above risks is mitigated by policies and procedures aimed at minimizing or managing the risk as described below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge obligation resulting into expected credit loss

The Institute is currently not exposed to credit risk as it receives its income namely, contributions from sugar producing companies, student course fees and Government subvention in advance of anticipated cash outflows.

The Institute has an arrangement with sugar producing companies under which the Companies' support to the Institute is channelled through the Sugar Industry Development Trust Fund (SIDTF).

(b) Foreign currency risk

The Institute is normally not involved in foreign currency transactions. Therefore, currency translation exposure and fluctuations in foreign currency exchange rates do not affect the Institute as a significant part of its transactions are made locally in the reporting currency - the Tanzania Shilling.

(c) Interest rate and liquidity risk

The Institute is not subject to interest rate and liquidity risks because it does not operate on borrowed funds.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Institute's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory origins and generally accepted standards of operation.

The Institute's operational risks mainly arise from the fact that the Government, which finances more than 50% of its income, does not have a firm long-term commitment to provide subsidy or to sponsor students at the Institute. In the event of the Government ceasing to provide such income the Institute's operations will be highly impaired. Management is confident that the possibility of such occurrence is remote and Government subvention funds will continue to be provided.

(e) Capital risk management

The Institute does not have any capital risk because its capital structure does not include any long-term debt financing. Its ability to continue as a going concern and to maintain an optimal capital structure depends, to a large extent, on Government grants and contributions from the sugar industry companies and internally generated funds.

1.14 CAPITAL FUND

Capital Fund stated at TZS 492,424,310 represents the value of net assets taken-over from the defunct Sugar Development Corporation (SUDECO).

1.15 CAPITAL COMMITMENTS

As at 30 June 2024 there were no commitments for future capital expenditure.

1.16 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to: (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or (c) if the related party entity and another entity are subject to common control.

During the year under review only key management personnel of the National Sugar Institute and members of the Governing Council qualified to be considered related parties. Remuneration paid to them was as follows:

	2024/25	2023/24
	TZS	TZS
To Key Management Personnel	200,376,000	195,257,000
To Governing Council Members*	30,000,000	28,700,000
Total	**230,376,000**	**223,957,000**

1.17 GOING CONCERN

The National Sugar Institute Management has made assessment of the Institute ability to continue as a going concern and is satisfied that, NSI activities - capital, recurrent and personnel costs - are funded by the Government of Tanzania through annual approved budgets. Additional funding comes from a commitment by Sugar Industry Companies through the Sugar Industry Development Trust Fund.

Also, the Institute at times, generates internal funds from operational activities and assets. Unless the funding modalities change abruptly, there is no indication that these sources will cease in the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Institute ability to continue as a going concern.

Therefore, the set of financial statements of the Institute continue to be prepared on the going concern basis.

1.18 INTER PUBLIC ENTITY TRANSACTIONS

Inter public entity transactions refers to all transactions that National Sugar Institute has entered with other public entities during the reporting period, including the outstanding balances. As shown in the Table below

S/N	Nature of Transaction	Public Entity Name	Amount
1	PPRA Annual fee	PPRA	1,500,000
2	NACTVET Quality assurance fee	NACTVET	20,390,000
3	Contributions to Consolidated Fund	Treasury Registry Office	15,000,000
4	NHIF for students	NHIF	23,889,000
5	Internet and mailing services	TTCL	8,717,339
6	Purchase of Electricity (LUKU)	TANESCO	3,595,000

7	Hosting fee of Institute's Website	eGA	1,465,600
8	Audit fee to CAG	CAG	1,933,991

NOTE 2 - CASH AND CASH EQUIVALENTS	2024/25	2023/24
	TZS	TZS
NSI BANK A/C	267,724	47,575,154
NBC A/C Ubungo Branch	975,381	975,381
BOT Collection A/C	39,156,600	11,887,665
NSI SELF HELP FUND A/C	95,361,052	20,358,676
Petty Cash Account (NSI)	323,000	313,100
Petty Cash Account (NSI - SIDTF)	0.00	465,000
NSI GePG A/C	1,767,000	-
NSI - SIDTF A/C	153,477	13,460,180
SUBTOTAL Cash & Cash Equivalent	138,004,234	95,035,156
Expected Credit Loss:		
Opening balance (Provision for ECL)	1,268,170	3,394,100
Charge During the year - ECL Expenses/(Reversal)	629,729	(2,125,930)
Closing balance (Provision for ECL)	1,897,899	1,268,170
Grand Total Cash & Cash Equivalent	**136,106,335**	**93,766,986**

NOTE 3 - RECEIVABLES		
Staff Receivables	16,136,811	69,802,904
House rent receivables	4,784,139	44,139
Fees Receivable from Ministry of Agriculture	230,033,095	230,033,095
Salaries Receivables	4,489,280	4,489,280
Students' Contributions Receivable	160,542,814	135,788,314
NHIF Employee Contribution Receivable	0.00	612,360
PSSSF Employee Contribution Receivable	0.00	1,332,178
NSI - SHF	0.00	63,681,398
Sundry Debtors	4,080,280	8,853,050
Staff Loan	500,000	233,800
Gross Receivables	**420,566,419**	**514,870,518**
Less:		
Less: Provision for Impairment of Receivables	(238,602,655)	(238,602,655)
Less: Provision for ECL on Receivables	(135,788,314)	(135,788,314)
Net Receivables	**46,175,450**	**140,479,549**

NOTE 4 - INVENTORIES		
Stationary Stocks	13,252,735	10,611,900
General Stocks	39,265,208	45,107,634
	52,517,943	**55,719,534**

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Particulars	Buildings, Deep Well & Tanks	Plant and Machinery	Tools and Equipment	Office Furniture	Motor Vehicles	Motor Cycles	Computers, Printers and Accessories	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
COST								
Balance at 1 July 2024	7,183,652,007	409,948,000	398,205,067	594,003,200	582,762,578	3,100,000	203,260,780	9,374,931,632
Additions for the year	-	-	5,664,000	-	-	-	6,200,000	11,864,000
Transfer from WIP	-							-
Balance at 30 June 2025	**7,183,652,007**	**409,948,000**	**403,869,067**	**594,003,200**	**582,762,578**	**3,100,000**	**209,460,780**	**9,386,795,632**
ACC. DEPRECIATION								
B/Forward 1 July 2024	3,161,030,106	400,565,333	227,512,550	287,905,582	582,762,577	1,498,333	115,110,343	4,776,384,824
Charge for the year	143,673,042	5,420,000	27, 002,307	44,175,719	-	442,857	18,196,577	238,910,501
C/Forward 30 June 2025	**3,304,703,148**	**405,985,333**	**254,514,857**	**332,081,301**	**582,762,577**	**1,941,190**	**133,306,920**	**5,015,295,325**
CARRYING VALUES:								
30 JUNE 2025	**3,878,948,859**	**3,962,667**	**149,354,210**	**261,921,899**	**1**	**1,158,810**	**76,153,860**	**4,371,500,306**
2022/23								
COST								
Balance at 1 July 2023	6,821,959,927	409,948,000	393,255,067	461,091,200	582,762,578	3,100,000	203,260,780	8,875,377,552
Transfer from WIP	361,692,080							361,692,080
Additions for the year	-	-	4,950,000	132,912,000	-	-	-	137,862,000
Balance at 30 June 2024	**7,183,652,007**	**409,948,000**	**398,205,067**	**594,003,200**	**582,762,578**	**3,100,000**	**203,260,780**	**9,374,931,632**
ACC. DEPRECIATION								
B/Forward 1 July 2023	3,014,961,507	395,125,333	175,170,637	209,694,942	532,463,997	878,333	89,566,936	4,417,861,685
Charge for the Year	146,068,599	5,440,000	52,341,913	78,210,640	50,298,580	620,000	25,543,407	358,523,139
C/Forward 30 June 2024	**3,161,030,106**	**400,565,333**	**227,512,550**	**287,905,582**	**582,762,577**	**1,498,333**	**115,110,343**	**4,776,384,824**
CARRYING VALUES:								
30 JUNE 2024	**4,022,621,901**	**9,382,667**	**170,692,517**	**306,097,618**	**1**	**1,601,667**	**88,150,437**	**4,598,546,808**

LAND VALUE

The National Sugar Institute - NSI has a Lease agreement of 99 years with Kilombero Sugar Company Limited -KSCL who is the legal owner of that piece of land registered under Certificate of Tittle No. 37249 for a term of 99 years effective from 1.10.1982 situated at K2, Kilosa District Morogoro Region within the United Republic of Tanzania. The leased land is 39.86 hectares but has not been valued. According to the Lease agreement, the Lessor (KSCL) and the Lessee (NSI) agree that the Demised Premises is part of the privatized land. Based on terms and conditions of the lease agreement, the management of NSI did not include the value of that piece of land into its books of accounts until when it obtain a separate tittle deed for that piece of land. Currently the Management of NSI is on the process of obtaining a separate Tittle dead for that piece of land so that it can incorporate it into its books of accounts as per IPSAS 17.

NOTE 6. PAYABLES AND ACCRUALS

	2024/25 TZS	2023/24 TZS
Provision for Audit Fees	53,622,495	47,318,011
Service Fee Payable	1,040,000	1,040,000
PSSSF Payable	29,610,159	51,000
Directors' Fees Payable	15,000,000	7,500,000
Kivenule Terminal Benefits	219,581	219,581
Sundry Payables	4,050,603	13,401,704
Total	**103,542,838**	**69,530,296**

NOTE 7 - REVENUE FROM EXCHANGE TRANSACTIONS	**2024/25** **TZS**	**2023/24** **TZS**
Tuition Fees/Student contributions	885,857,000	378,293,400
House Rent revenue	38,218,000	71,548,000
Miscellaneous revenue	49,959,480	113,847,475
NSI Shop rental	1,190,000	-
Workshop rental	4,800,000	2,400,000
Dispensary rental	2,400,000	800,000
Total	**982,424,480**	**566,888,875**

NOTE 8 - REVENUE FROM NON - EXCHANGE TRANSACTIONS	**2024/25** TZS	**2023/24** TZS
Government Subvention	873,547,460	663,752,360
Ministry of Agriculture Other Charges	10,310,000	5,400,000
Sugar Industry Development Trust Fund (SIDTF)	205,000,000	550,000,000
Total	**1,088,857,460**	**1,219,152,360**

NOTE 9 - WAGES, SALARIES, AND EMPLOYEE BENEFITS	2024/25	2023/24
	TZS	TZS
Staff Salary	738,737,000	562,502,000
Wages	129,500,000	155,237,892
Staff Training and Development Expenses	33,392,500	52,335,500
Travelling Expenses	170,544,310	137,325,446
Staff Welfare	138,947,459	86,475,200
Principal Fringe Benefits	13,200,000	13,200,000
Leave Travel Assistance	9,140,300	6,306,147
Facilities to Staff	18,738,900	50,035,026
Gratuity and Other Terminal Benefits	3,771,000	-
Employer Contribution to PSSSF and NHIF	135,455,460	111,078,660
Transfer Expenses to the reallocated staff	11,448,000	8,648,000
Total	**1,402,874,929**	**1,183,143,871**

NOTE 10 - STUDENTS' EXPENSES	2024/25	2023/24
	TZS	TZS
Training Expenses (Research and Development Expenses)	114,250,915	77,342,400
Students' Sports and Recreation	4,335,000	2,740,000
Students' Medical/NHIF Expenses	24,191,000	267,800
Students' Organization expenses	2,459,500	192,000
Food / Canteen Expenses	0.00	2,355,778
NACTE & NACTVET Expenses	104,452,500	112,431,900
	249,688,915	**195,329,878**

NOTE 11 - PREMISES EXPENSES	2024/25	2023/24
	TZS	TZS
Compound Cleaning Expenses	20,692,401	40,571,225
Security Services	41,513,200	34,991,000
Maintenance of Buildings and Infrastructures	91,756,465	127,704,576
Electricity Expenses	7,491,619	17,760,647
	161,453,685	**221,027,448**

NOTE 12 - ADMINISTRATIVE EXPENSES	2024/25	2023/24
	TZS	TZS
Cleaning Materials	9,475,374	9,043,538
Printing and Stationaries Expenses	11,028,073	12,150,860
General Expenses	35,574,100	26,411,800
Insurance Expenses	9,528,500	9,528,500
Communication Expenses	11,182,939	10,603,592
Fuel and Vehicle Expenses	42,529,188	39,759,120
PPRA and Corporate	1,500,000	1,600,000
Auditing Expenses	35,710,491	49,083,011
Meeting Expenses	50,275,000	63,428,000

Contributions	6,320,000	-
Bank charges	2,574,603	2,573,200
Remittance to central Government	15,000,000	7,000,000
Advertisement Expenses	3,456,000	15,241,000
Director's fees	30,000,000	28,700,000
Miscellaneous expenses	6,113,900	8,039,200
	270,268,168	**283,161,821**

NOTE 13 - RECEIPTS AND PAYMENTS TO SUPPORT CASH FLOW

NOTE 13.1 - RECEIPTS FROM NON-EXCHANGE TRANSACTIONS	**2024/25**	**2023/24**
	TZS	TZS
Government Subvention	873,547,460	663,753,360
Ministry of Agriculture Other Charges	10,310,000	5,400,000
Sugar Industry Development Trust Fund (SIDTF)	205,000,000	550,000,000
	1,088,857,460	**1,219,152,360**

NOTE 13.2 - RECEIPTS FROM EXCHANGE TRANSACTIONS	**2024/25**	**2023/24**
	TZS	TZS
Tuition Fees/Student contributions	885,857,000	378,293,400
Miscellaneous revenue	49,959,480	113,847,475
Workshop rental	4,800,000	2,400,000
Dispensary rental	2,400,000	800,000
NSI Shop rental	1,190,000	-
House Rent revenue	38,218,000	71,548,000
Sub Total	**982,424,480**	**566,888,875**
Adjust for: Working Capital Items		
House Rent revenue Received (Previous Years)	-	-
Decrease in staff receivables (Safari & Purchase)	53,666,093	50,326,552
Decrease/ (Increase of Receivables)	-	18,271,400
Decrease/(Increase) of Sundry Debtors	4,772,770	-
Decrease/(Increase) in Students Contr. Receivables	(24,754,500)	-
Decrease/(Increase) in House rent receivable	(4,740,000)	-
Decrease in Staff loan	-	266,200
Decrease/(Increase) NHIF Employee contributions	612,360	-
Decrease/(Increase) PSSSF Employee Cont. Receivable	1,332,178	-
Total Adjustments	**30,888,901**	**68,864,152**
Total Receipts from Exchange Transactions	**1,013,313,381**	**635,753,027**

NOTE 13.3 - PAYMENT OF WAGES, SALARIES, AND EMPLOYEE BENEFITS	2024/25	2023/24
	TZS	TZS
Total Expenses	1,402,874,929	1,183,143,871
Adjust for Working Capital Items		
Terminal Benefits Paid - Previous Years	-	883,521
Increase in Staff Loans	266,200	-
Decrease/(Increase) in PSSSF Payable	(29,559,159)	-
Total	**1,373,581,970**	**1,184,027,392**

NOTE 13.4 - PAYMENTS TO SUPPLIERS AND PUBLIC ENTITIES	2024/25	2023/24
	TZS	TZS
Administrative Costs	270,268,168	283,161,821
Premises Costs	161,453,685	221,027,448
Students Costs	249,688,915	195,329,878
Sub Total	**681,410,768**	**699,519,147**
Adjust for working capital		
Decrease/(Increase) in Inventory	(3,201,591)	-
		-
Decrease/(Increase) in Sundry Creditors	9,351,100	-
Increase in Audit Fees Provisions	(6,304,484)	(15,541,511)
Increase in Directors fees Provisions	(7,500,000)	(700,000)
Total	**673,755,793**	**683,277,636**

NOTE 13.5 - OTHER PAYMENTS	2024/25	2023/24
	TZS	TZS
Withholding Tax Paid (Previous Years)	-	927,594
		-
Increase in House Rent receivable	-	36,000
Total		**963,594**

NOTE 14 - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	2024/25	2023/24
	TZS	TZS
Tools and Equipment	5,664,000	4,950,000
Office Furnitures	-	132,912,000
Computers & Peripherals	6,200,000	-
Total	**11,864,000**	**137,862,000**

NOTE 15 - RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30 JUNE 2025

	2024/25 TZS	2023/24 TZS
Surplus/(deficit)	(316,225,385)	(588,807,306)
Non-cash movements		
Depreciation	238,910,501	358,523,139
ECL Expenses	-	135,788,314
Increase (Decrease) in ECL	629,729	(2,125,930)
Sub Total	(76,685,156)	(96,621,783)
Change in Working Capital		
Increase (Decrease) in payables	34,012,544	14,430,396
Increase (Decrease) in inventories	3,201,591	-
Increase (Decrease) in receivables	94,304,099	68,828,152
Net cash flows from operating activities	**54,833,078**	**(13,363,235)**

Reconciliation between the actual amounts on a comparable basis as per para 47 of IPSAS 24

Description	Operating (TZS)	Financing (TZS)	Investing (TZS)	Total (TZS)
Actual amount on a comparable basis as presented in the budget and actual comparison in the statement	54,833,078	0.00	(11,864,000)	42,969,078
Entity Differences***	-	-	-	-
Timing Differences**	-	-	-	-
Basis Differences*	-	-	-	-
Actual Amount in the Statement of Cash flow	54,833,078	0.00	(11,864,000)	42,969,078

NOTE 16. CAPITAL FUND

	2024/25 TZS	2023/24 TZS
Capital Fund	492,424,310	492,424,310
Total	**492,424,310**	**492,424,310**

Capital Fund represents the value of net assets taken-over from the former Sugar Development Corporation (SUDECO).

NOTE 17: REASONS FOR SIGNIFICANT VARIANCE FOR BUDGET VS ACTUALS

- Reasons for under collections of Government Subventions;

  Developments fund from the Government were not transferred as planned, hence no Development project was implemented for the year under review.

- Reasons for under collection of revenue from Sugar Industry Development Trust Fund (SIDTF);

  The SIDTF was experiencing financial difficulties so it was unable to transfer funds as per approved budget, hence many activities were not implemented as planned.
- Reasons for Over collections of Tuition fees/Students Contributions;

  This was due to increased enrolment, effort for collecting revenue from own sources, and the increment of contribution/tuition fee per student.
- Reasons for Overutilization of Wages, Salaries and Employee benefit;

  This was due to increase of new staffs that were planned in the previous budget but were reallocated/received in this year.
- Reasons for underutilization of Student's costs/expenses, Premises costs/expenses and Administrative Expenses;

  This was due to imposition of strict measures and cutting off budgets due to shortage of funds provided by our Development partners (SIDTF) who were experiencing financial difficulties.
- Reasons for underutilization of Capital Expenditure

  This was due to Developments fund from the Government were not transferred as planned, hence no Development project was implemented for the year under review

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

At the time of adopting the financial statements, the Governing Council was not aware of any significant transactions, events or conditions whose non-disclosure or omission could result in material misstatement of the financial statements for the financial year then ended.

NOTE 19. COMPARATIVE FIGURES

Comparative figures have been adjusted, regrouped or restated, where necessary, to correct errors or to conform to changes in presentation in the current year