



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



SMALL INDUSTRIES DEVELOPMENT ORGANIZATION

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

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March 2024

AR/PA/SIDO/2022/23



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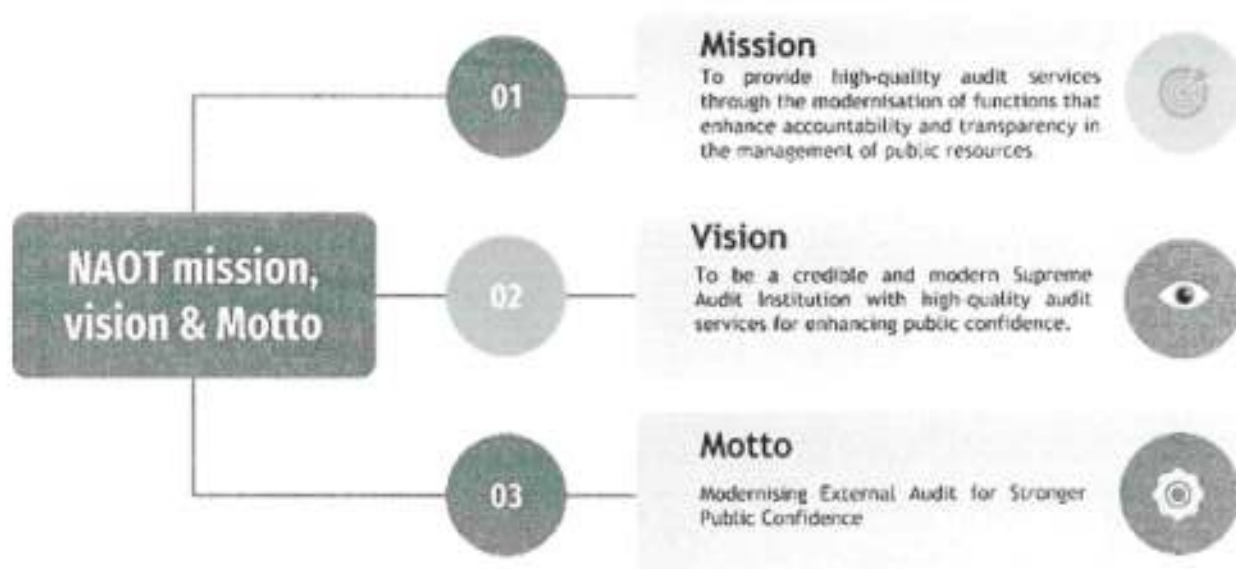
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Mandate

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.

© This audit report is intended to be used by Small Industries Development Organization and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

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ABBREVIATIONS

IFRS	International Financial Reporting Standard
IPSAS	International Public Sector Reporting Standards
LCI	Leonard Chissile International
MSMIs	Micro, small and medium Industries
NEDF	National Entrepreneurship Development Fund
NIGP	National Income General Programme
RRF	Regional Revolving Funds
SELF	Small Entrepreneur Loan Fund
SIDA	Swedish International Development Agency
SIDO	Small Industries Development Organization
SMEs	Small and medium Enterprises
TBS	Tanzania Bureau of Standards
TDC	Technological Development Centre
TGT	Tanzania Gatsby Trust
TMDA	Tanzania Medicines and Medical Devices Authority
TPC	Trading and Production Centre
TZS	Tanzania Shillings
URT	United Republic of Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman,
Board of Directors,
Small Industries Development Organization (SIDO),
P. O. Box 2476,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Small Industries Development Organization, which comprise the statement of financial position as at 30 June 2023, 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 Small Industries Development Organization as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) 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 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 Small Industries Development Organization (SIDO) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the 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.
- 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 benefits of such communication.

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

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

1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on procurement of works, goods and services in the Small Industries Development Organization for the financial year ended 30 June 2023 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Small Industries Development Organization is generally in compliance with the requirements of the Public Procurement laws.

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 Small Industries Development Organization for the financial year ended 30 June 2023 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Small Industries Development Organization is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma United Republic of Tanzania.
March 2024



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

2.1 INTRODUCTION

In compliance with the Organization Act 1973 and the International Public Sector Reporting Standards (IPSAS) Accruals, the Directors submit their report and the audited financial statements of Small Industries Development Organization (SIDO) for the year ended 30 June 2023.

2.2 STATEMENT OF DIRECTOR RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for keeping books of account, maintaining proper records of the Organization's operations and the preparation of financial statements that show a true and fair view of the state of affairs of Small Industries Development Organization (SIDO) as at the end of each financial year in accordance with the International Public Sector Reporting Standards (IPSAS) set by the International Accounting Standards Board. The Directors are also responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

2.3 VISION

The leading institution in promotion of the inclusive and sustainable creation and development of industries in Tanzania.

2.4 MISSION

To promote socio- economic development and competitiveness through innovative research, training, Industrial infrastructure, supporting services and the creation of strategic partnership with new and existing industries.

2.5 CORE NORMS AND VALUE

Our values are set out on how we conduct ourselves, how we expect to be treated as part of the Small Industry Development Organization and how we engage with our partners. In delivering this Strategic Plan, we will act and make decisions guided by these values:

2.5.1 Quality:

Always striving to exceed our customers' needs and expectation through competence, innovation, teamwork synergy and excellence.

2.5.2 Customer Centered:

We recognize that our customers are the reasons for our existence and success, and we are committed to listening and respond positively to their needs.

2.5.3 Innovative:

Always curious and striving to reach out and embrace new technologies and innovative methods of doing our work in contributing to socio-economic development

2.5.4 Result oriented:

Work to ensure the services are directed to facilitate realization of the desired change.

2.5.5 Integrity:

Being exemplary in our behavior and acting with honesty and impartiality in all our transactions.

2.5.6 Professionalism:

SIDO will observe professionalism in developing and delivering services to its clients, which includes reacting adequately and timely to the changing requirements of its clients and it will be non-bureaucratic.

2.6 PRINCIPAL ACTIVITIES

SIDO offers a variety of services to its clients. Such services are technology development and general technical services, training consultancy and advisory services marketing and business information provision all aimed at development of entrepreneurship, strengthening business management skills and facilitating development of an enabling environment and strengthening of self-help organizations.

SIDO also provides financial services, which involve credit provision for investment as well as working capital, financial advisory, and linkage services to its needy clients.

2.7 COMMENTARIES ON FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June ,2023 provide a record of SIDO, Financial Position, Financial Performance, Cash Flows, change in net Assets/Equity and Notes

2.7.1 FINANCIAL POSITION

2.7.1.1 Current Assets:

Current Assets include Cash and cash equivalents, Receivables, Prepayments, Inventories and Assets Held for sale.

Total Current Assets for the year ended 30 June, 2023 was TZS 16,616,278,000.00 (2022: TZS 17,363,654,000.00). The decrease of 4% was mainly caused by payment made to complete development projects.

2.7.1.2 Non-Current Assets:

A total of Property Plant and equipment for the year ended 30 June, 2023 was TZS 75,901,991,000.00 (2022: TZS 77,125,449,000.00). The decrease of 2% was caused by depreciation charges during the year.

A total of Work in Progress for the year ended 30 June, 2023 was TZS 2,447,776,000.00 (2022: TZS 1,364,969,000.00). The increase of 79% was mainly caused by ongoing construction projects.

2.7.1.3 Liabilities:

Liabilities includes Trade and other payables, Employee benefits obligation and Customers' pre-payments.

A total of Current Liabilities for the year ended 30 June, 2023 was TZS 7,201,088,000.00 (2022: TZS 7,407,882,000.00). The decrease of 3% was mainly caused by decrease in advance received from client and payment of employee obligations.

2.7.2 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Performance for the year ended 30 June, 2023 was Operating deficit of TZS 785,158,000.00 (2022: Surplus TZS 129,550,000.00). The deficit was mainly caused by increase in repair and maintenance cost (due to tear and wear of infrastructures) and production costs during the year. SIDO anticipates to increase price of products and services in order to overcome increased cost.

a) Revenue

A total of Government Subvention and Grant for the year ended 30 June, 2023 was TZS 7,868,787,000.00 (2022: TZS 9,270,690,000.00) the decrease of 15 % was mainly caused by decreased receipt of the Government Development Grants.

In the coming years, SIDO anticipates Government to release the whole approved budgeted Development Grants.

Total revenue for the year ended 30 June, 2023 was TZS 18,696,199,000.00 (2022: TZS 18,884,943,000.00) which decreased by 3.6%. The decrease was caused by less released Development Grants. However internal revenue has increased by 12% and anticipated continue to increase.

b) Expenses

Total expenses for the year ended 30 June, 2023 was TZS 19,481,357,000.00 (2022: TZS 18,755,393,000.00) which increased by 4%. The increase was mainly caused by increase in repair and maintenance cost (due to tear and wear of infrastructures) and production costs during the year. SIDO anticipates to match cost with revenue.

2.7.3 CASH FLOW STATEMENT

Cash flow Statement comprises of cash-flow from operating activity, Cash-flow from investing activity and Cash-flow from financing activity.

a) Cash-flow from Operating Activity

Cash used for operations during the year ended 30 June 2023 was TZS 812,357,000.00 (2022: generated TZS 3,606,796,000.00). The decrease of 123% was caused by decreased receipts of Development Fund.

b) Cash-flow from Investing Activity

Total cash used for investing activity for the year ended 30 June 2023 was TZS 1,347,885,000.00 (2022: TZS 796,580,000.00). The increase of 69% was due to payment made to ongoing construction projects and acquisition of TDC-Machines. SIDO anticipate to continue investing in construction and machines according to availability of Funds.

c) Cash-flow from Financing Activity

Total cash from Financing Activities for the year ended 30 June 2023 was TZS 103,926,000.00 (2022: TZS 377,513,000.00). The decrease of 72% was due to decrease in interest rate. SIDO anticipates increase in Cash flow from financing activities according to availability of Government Funds.

2.7.4 BUDGET PERFORMANCE

a) Annual Approved Revenue Vs Actual

In financial year 2022/2023, SIDO planned to collect total amount of TZS 25,519,752,000.00 to finance various strategic interventions to meet the SIDO objectives. This amount includes TZS 10,276,260,000.00 from the Government: for Development

activities (TZS 3,720,000,000.00) and Personal Emoluments (PE)-TZS. 6,556,260,000.00 The amount budgeted to be collected from internal sources including other Development partners was TZS 15,243,492,000.00

However, by 30 June, 2023, SIDO had collected a total amount of TZS 16,435,007,000.00 out of which TZS 10,967,243,000.00 was collected from internal sources and TZS. 6,068,685,000.00 from the Government for Personal Emoluments (PE) and TZS. 1,660,269,000.00 for Development Activities.

b) Annual Approved Expenditure Vs Actual

During financial year 2022/2023, total amount of TZS. 25,519,752,000.00 was approved and allocated. At the end of the financial year 30 June, 2023, a total amount of TZS 18,491,323,000.00 was spent, out of which TZS. 8,115,871,000.00 spent for Personnel costs, TZS. 5,777,594,000.00 spent for Administration TZS 2,352,029,000.00 for other operating expenses and TZS. 2,245,829,000.00 spent for Acquisition of Property Plant and Equipment

2.8 KEY PERFORMANCE INDICATORS

General Performance

The interventions implemented in the financial year 2022/23 are stipulated in the reviewed Corporate Strategic Plan VI (2022/23 - 2026/27) as well as those contributed to the MSMLs growth in a dynamic socio-economic environment. The services also contributed to the economic growth and employment creation through facilitating and supporting MSMLs to increase their capital bases, expand their production, improve their resource utilization, efficiencies and enhance productivity. The development funds amounting TZS 1.66 billion received from the Government as well as increased efforts in collection of funds from internal sources made the organization to perform its duties during the planned period.

Programs and Activities Implemented

The Implementation of SIDO objectives in the financial year 2022/23 was realized through different planned activities under respective programs and services. The strategy used focused on enabling beneficiaries of SIDO services in different sectors to establish new small industries or facilitate growth of existing ones. The interventions made were as follows:

2.8.1 Improve Governance Efficiency and Compliance

a) Improve Audit Service Delivery

Internal Audit section did assurance and consultancy assignments and recommended appropriate action to the management. Audit objective was to help an organization implement its interventions by using systematic or disciplined approach adherence to

compliance and the effectiveness of risk management, control and governance processes.

During the financial year 2022/23, the Internal Audit Unit planned to perform 98 audits/assurance out of which 47 were performed. The performance is equivalent to 48% of the targets. Out of 98 contracts, 73 audits were targeted under assurance and 25 for consultancy/advisory services. The status of implementation of 47 contracts reported above includes 43 audits conducted under assurance role and 4 contracts under consultancy/ advisory services. In terms of Business units, 43 audits conducted covered 20 business units. A total amount of TZS 103 million was budgeted, but TZS 69.16 million was spent, equivalent to 67% of the approved budget.

Audits were conducted particularly in SIDO offices of Arusha, Kilimanjaro, Tanga, Manyara, Iringa, Lindi, Mtwara, Mbeya, Katavi, Kigoma, Mara, Mwanza, Tabora, Chato, Kahama, Dodoma, Gelita, Kagera, Rukwa, Tabora and Morogoro. The audits also covered strategic planning, management information and development funds.

In case of consultancy/advisory services and special duties 4 contracts were performed. Overall performance for the financial year ended 30 June, 2023 year was 47 contracts out of 98 (48%).

b) Procurement Service Enhanced

- i) The organization procured goods and services (consultancy and non-consultancy services) in compliance with Public Procurement Act, 2011 and Regulation 2013 (Amendment 2016).
- ii) Items procured include building materials, raw materials, food processing materials, office equipment, stationeries, fuels, maintenance works, catering and other services.

2.8.2 Human Resources Capacity Improved

a) Working Condition Enhance

Human resources play a key role in achievement of the organizational objectives. During the Financial Year 2022/23, the following has been done:

- i) During the Financial Year ended 30 June, 2023 there were no Board of Directors meeting held due to the fact that the former Board of Directors tenure expired and the new Board of Directors was launched on 27 May, 2023.
- ii) One main Workers' council, and five Zonal Workers' Council and weekly Management meetings were conducted as scheduled.
- iii) The organization managed to promote 36 employees that met promotion criteria and approved by President's Office Public Services Management and Good Governance.

- iv) Training need assessment was conducted along with employees' performance appraisal to cover the gaps identified. The assessment report was used as input for staff training programs.
- v) A total of 122 out of 279 members of staff attended trainings on different areas which included long courses 12 staff and short courses 110 staff.

b) Improve Working Environment

All regions are equipped with good modern working facilities to ensure that the organization offers quality services to its customers as mandated.

- i) All offices equipped with health prevention facilities such as hand wash machines, liquid soap, sanitizers and condoms for preventing communicable and non-communicable diseases as per Government directives;
- ii) Office equipment and facilities need assessment were conducted in all offices and procurement of computer, equipment and furniture were done; and
- iii) Also, minor maintenance was conducted in some offices.

2.8.3 Attain Financial Sustainability

Achieving institutional financial sustainability is a goal set by Organization in the long run to achieve the goals of safety, liquidity, and yield in all of the organization's investment activities. Apart from being financially stable, the organization sees the importance of improving financial services delivery to meet the increasing demand of small industries to access financial facilities.

During the financial year 2022/23 TZS 3.720 billion were approved for the development activities particularly: TZS 1.0 billion for NEDF capital, TZS 650 million to procure modern manufacturing machines for Arusha TDC and TZS 2.12 billion for development of Industrial estates by constructing industrial shed in Mafinga-Iringa and rehabilitation of basic industrial infrastructures. The Organization received TZS 1.6 billion (43%) for procurement of modern machines for Arusha TDC and Rehabilitation of building and basic infrastructures.

2.8.4 Improve Basic Infrastructure

SIDO Industrial estate basic infrastructure requires rehabilitation to make them suitable for MSMEs activities. Basic infrastructures such as buildings, road networks, drainage system, fences and power supply lines are outdated.

- i) Two (2) (50%) (Geita/Chato and Kagera) out of planned four (4) Industrial Estates basic infrastructures (roads, drainage systems, culverts and fences) were rehabilitated/improved.

- ii) All Eight (08) Industrial buildings/sheds in Dar es Salaam, Dodoma, Iringa, Kilimanjaro, Rukwa and Tanga regions were renovated as planned.
- iii) Four (4) title deeds were obtained in Shinyanga (1), Ruvuma (1) and Simiyu (2) regions as planned (100%).
- iv) The constructions work of five (5) new industrial buildings in Shinyanga (Kahama) (2), Singida (Manyoni) (1), Geita (Chato) (1) and Tanga (1) is on progress.
- v) During the period construction of five (5) buildings was completed in Morogoro (2), Katavi (2) and Mwanza (1) as per approved budget and plan.

2.8.5 Improve Technology Development for MSMEs

SIDO is given a role to provide services that support the establishment and growth of MSMEs in competitive manner. Technology development and innovation are vital components for SIs development, thus ensuring increased use of technology, increase new value-added products, product quality, and production capacity. In addition, the institution supports the innovation of products through incubation program and facilitate the establishment and strengthening of industries through various programs/strategy like industrial cluster and ODOP

In the financial year 2022/23, SIDO aimed to improve delivering technology development, innovation, and commercialization methodologies to ensure increased use of technology, new value-added products and support establishment of new Small Industries.

Activities which were implemented during the financial year:

- i) Two TDCs in Mbeya and Kilimanjaro region (100% of the plan) were equipped with modern Production machine and equipment.
- ii) A total of 486 (97%) new industries out of planned 500 were established in all regions. The new industries established engaged on food processing, soap and detergents, handicrafts, construction materials, metal works and fabrication, textiles, general engineering, chalk making and honey extraction.
- iii) A total of 2,230 (112%) out of planned 2,000 SMEs were provided with technical advisory services. The advice provided in the areas of selection of appropriate technology/ machine, layout of industrial process, how to fulfil TBS and TMDA requirements, Industrial safety and health, plant maintenance, improvement of products and processing flow.
- iv) SIDO source and disseminate 191 (95%) out of planned 200 technologies in all regions. Some of the technologies sourced were meat cutting, cashew nut processing, coconut oil making, briquettes, fruit juice making, potatoes chips processing, avocado oil processing, tomato wine processing, coffee processing, mineral processing.

- v) A total of 784 (130%) out of planned 600 machines/equipment and 1891 (81%) out of 2340 spare parts were manufactured by SIDO TDCs based on the customer needs.
- vi) The Organization managed to incubate 8 (80%) out of planned 10 incubates in the Dar es Salaam, Iringa, Mwanza and Mbeya regions. A total of 5 (83%) incubates graduated from incubation centre out of 6 planned incubates in Dar es Salaam, Iringa and Mwanza.

2.8.6 Improve Marketing Activities

- i) SIDO organized and participated in 28 (58%) out of planned 48 exhibitions whereby 1,250 SMEs participated directly in in SIDOs pavilion. These exhibitions include SIDO National exhibition, Zonal exhibition, 45TH DITF exhibitions etc.
- ii) The organization continued to be branded through painting of logo and corporate colours in office buildings and industrial sheds. Moreover, SIDO products and services were branded through printed, and distribution of more than 1,000 varieties of marketing materials and programs were aired out in various media.
- iii) 191 events were posted though social media, that is on twitter, Facebook, and Instagram.
- iv) 764 products produced by MSIMs were promoted through social media and web portal.

2.8.7 Training, Consultancy and extension services for Small Industries Improved

SIDO has been working with small industries (SI's) in several areas including the provision of training and consultancy to SI's.

During the reporting period, the organization managed to:

- i) Provide 668 (84%) out of 800 trainings course on entrepreneurship, business management, food processing and technical skills. The trainings benefited 19,638 (89%) out of 22,000 entrepreneurs.
- ii) Provide advisory services on business management, cash and banking, savings and branding as well as pricing and networking to 14,599 Entrepreneurs (128%) out of 11,441.

2.8.8 To Facilitate SMEs Access to Finance

The organization continues to solicit financial resources to provide loans to SMEs and facilitate them to access financial services from other institutions particularly CRDB and Azania Bank.

During the financial year,

- i) The organization received 4,925 applications requesting loans worth TZS 12.476 billion.

- ii) To complete the process 2,669 loans worth TZS 6.850 billion (54.9%), were disbursed to SMLs for different projects.
- iii) 6,045 (97.3%) out of planned 6,223 jobs were created out of which 3,165 were for female.
- iv) Link SMLs with financial institutions and led to access of funds from CRDB Bank through CSG Scheme TZS 227 million to 10 SMLs and Azania Bank through SANVN Viwanda Scheme TZS 2.044 billion to 18 SMLs.

2.8.9 To Strengthen Strategic Planning and MIS

During the reporting period, all regional offices, TDCs and TPCs prepared and submitted implementation reports to SIDO HQ based on planning and budget guidelines. The organization also prepared and supervise the implementation of approved budget for the financial year 2022/23.

2.8.10 Cross Cutting Issues

HIV/AIDS infections and non-Communicable diseases were reduced and supportive services improved

SIDO is part of the Government Institution that has been facing several challenges in handling HIV/AIDS and NCDs. The challenges include having some staff who are not willing to disclose their HIV and NCDs status and therefore fail to access care and supportive services.

During the reporting period the Organization made some efforts to face this challenge by providing awareness seminars to all staff and provide HIV/AIDS protective gears. Also, the organization has hired a professional workout trainer who led staff in body exercise to make them fit and prevent NCDs like blood pressure.

National anti-Corruption strategy implementation enhanced and sustained

The Organization aimed at strengthening the anti-corruption mechanism by adopting National Anti-Corruption Strategy and Action Plan. The organization mitigated corruption practices by adhering to various laws, regulations, circulars, and directives that advocate for good governance and accountability.

During the financial year, the organization had no cases reported for corruption. However, all new recruited staff were given a special seminar by the Government Security Office (GSO) on confidentiality and integrity as public servants.

2.9 DIRECTORS

The Directors of the Board, who held office during the year 2021/22 except as otherwise stated, were: -

S/N	Name	Age	Qualification	Position	Nationality	Date of Appointment
1	Eng. Musa Ally Nyamsingwa	55	MSc. IN Civil Engineering.	Chairman	Tanzanian	29 March, 2023
2	Prof. Marceline M. Chijoriga	68	Ph.D. Economics and Business Administration	Member	Tanzanian	29 March, 2023
3	Dr. Kadida R. Mashaushi	58	Ph.D. Accountancy	Member	Tanzanian	29 March, 2023
4	Ms. Latifa Mohamed Khamis	49	MBA - Marketing	Member	Tanzanian	29 March, 2023
5	Mr. Balandya Mayuganya Elikana	52	Master of Arts (Economic of Development)	Member	Tanzanian	29 March, 2023
6	Dr. Elibariki Elibariki Msuya	46	Ph. D. (Economic)	Member	Tanzanian	29 March, 2023
7	Dr. Nicolaus Herman Shombe	46	Ph. D. Development Economic In Advanced Policy Studies	Member	Tanzanian	29 March, 2023
8	Eng. Prof. Sylvester Michael Mpanduji	62	Ph.D. in Agricultural Engineering, M.Sc. in Agricultural Engineering	Secretary	Tanzanian	29 March, 2023

During the financial year 2022/23, there were no Board of Directors meeting conducted to discuss various matters because the Board was launched on 27 May 2023.

2.9.1 Board Audit and Risk Management Committee

The members of the Board Audit and Risk Management Committee were:

S/N	Name	Position	Qualification	Date of Appointment
1	Prof. Marceline M. Chijoriga	Chairperson	Ph.D. Economics and Business Administration	29 March, 2023
2	Dr. Kadida R. Mashaushi	Member	Ph.D. Accountancy	29 March, 2023
3	Eng. Prof. Sylvester Michael Mpanduji	Secretary	Ph.D. in Agricultural Engineering, M.Sc. in Agricultural Engineering	29 March, 2023

The Board Audit and Risk Management Committee reports to the Board of Directors of the Organization. During the financial

year 2022/23, there were no Board Committee Meeting conducted to discuss various board matters.

2.9.2 Board Resources, Planning and Finance Committee

The members of the Board Resources, Planning and Finance Committee are:

S/N	Name	Position	Qualification	Date of Appointment
1	Ms. Latifa Mohamed Khamis	Chairperson	MBA - Marketing	29 March, 2023
2	Mr. Barandya Mayuganya Elikana	Member	Master of Arts (Economic of Development)	29 March, 2023
3	Eng. Prof. Sylvester Michael Mpanduji	Secretary	Ph.D. in Agricultural Engineering, M.Sc. in Agricultural Engineering	29 March, 2023

The Board Resources, Planning and Finance Committee reports to the Board of Directors of the Organization. During the period, there were no Board Committee Meeting conducted.

2.9.3 Board Technology and Industrialization Committee

The members of the Board Technology and Industrialization Committee were:

S/N	Name	Position	Qualification	Date of Appointment
1	Dr. Elibariki Elibariki Msuya	Chairperson	Ph. D. (Economic)	29 March, 2023
2	Dr. Nicolaus Herman Shombe	Member	Ph. D. Development Economic in Advanced Policy Studies	29 March, 2023
3	Eng. Prof. Sylvester Michael Mpanduji	Secretary	Ph.D. in Agricultural Engineering, M.Sc. in Agricultural Engineering	29 March, 2023

The Board Technology and Industrialization Committee reports to the Board of Directors of the Organization. During the financial year 2022/23, there were no Board Committee Meeting conducted.

2.10 DIRECTORS' REMUNERATION

The Board of Directors' remuneration for services rendered as Directors of the Organization for the Financial Year 2022/23 was not paid due to expiry of the Board's tenure in January, 2022.

2.11 ENTITY OPERATING MODEL

SIDO provides services including trainings, loans, knowledge dissemination and industrial working facilities to entrepreneurs, small industries owners and the general public services.

The provision of these services requires inputs that are processed to get the desired outputs.

The inputs required for each service rendered are availability of funds, human skills and experience, working tools and machines, good working environment, team work and good relationship.

The inputs are organized together and processed to achieve the desired outputs. The trainings are planned after training needs assessment and executed to transfer knowledge and technical skills to intended groups. The Technology Development Centres outsources technologies from overseas and within the country or manufacture then disseminate to intended groups for use.

The processing of the inputs results into outputs including transfer of knowledge, technology and technical skills, funds to small and medium enterprises, manufacturing of machines and working facilities.

2.12 STAKE HOLDERS' RELATIONSHIP

i. Ministry of Finance and Planning

Ministry of Finance and Planning issues guidelines to SIDO concerning preparation of financial statements and expenditure control. The Ministry is also responsible for allocating fund from national budget through the Ministry of Industry and Trade by releasing funds to SIDO as per approved budget.

Key concerns

They were concerned about SIDO growth prospects and resources sustainability in a challenging operating environment, including management's decision to allocate financial capital in different priorities.

Value we create

Continuous operation concerning small industries development, entrepreneurship training and production training, technological development centre, manufacture of machines and

spare parts and provision of concessional loans to entrepreneurs and small industries.

ii. Ministry of Investment, Industry and Trade

The Ministry of Industry and Trade supervises and issues guidelines to SIDO operations. The Ministry is also responsible for releasing funds to SIDO as per approved budget.

Key concerns

The Ministry was concerned about SIDO growth prospects and resources sustainability in a challenging operating environment, including management's decision to allocate financial capital in different priorities. The Ministry is also interested in how SIDO meet its objectives.

Value we create

Continuous engagement to ensure open communication so as to inform and advise on all matters relating to SIDO operations.

iii. Treasury Registrar

The Treasury Registrar is mandated to oversee SIDO operation and performance. The Treasury Registrar also signs performance agreement with the Board of Directors as part of overseeing performance improvement of SIDO. The Treasury Registrar is also responsible for issuing circulars concerning organization directives.

Key concern

The key concern is on the improvement of performance of SIDO as directed by Government directives and circulars to contribute to consolidated funds in form of Corporate Social Responsibility.

Value we create

Provision of advisory services on procurement and supply profession development and contribution to the consolidated fund.

iv. The Bank of Tanzania (BoT) and Financial Institutions

SIDO has maintained good relationship with the Bank of Tanzania and other financial institutions. It maintains term deposits with the banks and make payments from the funds in those bank accounts.

Key concerns

They were concerned about SIDO growth and liquidity.

Value we create

Continuous operation concerning revenue collections and expenditures.

v. Regulatory Authorities

SIDO collaborates with regulatory and other authorities including TBS, TMDA and BRELA to ensure compliance with various standards, regulations, requirements, and standards on issues concerning food production, establishment of small industries and business.

Key concerns

Their key concern is to ensure compliance in establishment of small industries and business, production of quality goods and extension services provided by entrepreneurs. SIDO ensure compliance by promoting social economic development and competitiveness through innovative research, training, industrial infrastructure, supporting services and the creation of strategic partnership with new and existing industries. SIDO has maintained good relation with relevant authorities and its customers.

Value we create

SIDO to advise entrepreneurs and small industries owners to adhere the standards and regulations concerning establishment of their business.

vi. Entrepreneurs and small industries

These are important key stakeholders as their existence relates to SIDO establishment Act. SIDO has conducted management trainings, consultancy and technical assistance and provision of loans during the year.

Key concerns

- Demand for initial capital to start their small industries and businesses
- Training on their businesses
- Ventures on where and how to sell their products
- Advanced technology machines with affordable costs

Value we create

- Promotion of small industries development in Tanzania
- Planning and co-ordination of the activities of small industry enterprises in Tanzania
- Carry out market research in goods manufactured by small industries in Tanzania
- Facilitation of orderly and balanced development of small industries in the regions
- Provision of technical assistance to persons engaged in small industries
- Provision and promotion of training facilities for persons engaged in or employed or to be employed in small industries and loans provision
- Provision of management and consultancy services to small industry enterprises in Tanzania

vii. SIDO Employees

Our staff are key for making SIDO a great place to work. Motivated and skilled staff, together with efficient and value-creating solutions, services and operations offer value to our customers. Staff as part of society, contribute materially to the communities in which they live and work. SIDO have both financial and non-financial motivation including free meal, special allowance, long term service award, facilitate physical exercise and recognition on various achievement.

Key concerns

They are interested in career development and opportunities to contribute to society and a work environment that is friendly, safe and conducive for work life balance.

Value we create

Developing staff with relevant knowledge, experience and skills that will enable them to execute SIDO activities to ensure strategic plan objectives are achieved. SIDO provide corporate and social responsibilities to the society as a way to contribute to the society socio economic development.

viii. General public

The public continued to be the main partner in helping SIDO to pursue its objectives. This was done through their various contributions towards SIDO activities and exhibition where by the general public enjoys the fruits of SIDO through manufacture of advanced technology machines, industrial working facilities, training and loans.

Key concerns

They desire SIDO to be more innovative, creative and efficient in providing excellent customer service.

Value we create

Developing innovative solutions to meet our customers' needs in various areas.

ix. Suppliers

Suppliers provide on credit goods and services to facilities SIDO operations. The key suppliers during the year were Commissioner of Land, TEMESA, GPSA, TANESCO, eGA, TBA, and TTCL.

Key concern

They are interested to be paid as stipulated in payment terms or invoices.

Value we create

SIDO has built a good business relationship with suppliers by paying them according to availability of funds for service rendered, goods delivered and completed works.

x. The Media

Both mainstream and social media platforms have been key stakeholders in informing the public on SIDO's services provided and events.

Key concern

They deserve Information and knowledge on SIDO activities.

Value we create

We provide the media with accurate, relevant, reliable and timely information.

2.13 ENTITY OPERATING ENVIRONMENT

i. Environmental matters

The Board has a statutory obligation to adhere to the Environmental Management Act of 2004, where it has both legal and constructive obligation to make good on any environmental claims. For the year under review SIDO maintained its offices, premises, surrounding environment and industrial working facilities environment to ensure minimum environmental pollution. SIDO contracted a service provider and contracted staff for general office cleaning and garbage collection.

ii. Technology and innovation

Through the Technology Development Centres, SIDO has disseminated new technologies on machines and modern working equipment manufacture that has enabled small industries and entrepreneurs to produce quality products in high quantities.

The Technology Development Centres also manufacture machines and equipment for internal use. Such machines include chalk making machines, hand wash machines, milk pasteurizer, stove, peanut butter machines, peanut flower machines, and tomato paste machines.

2.14 RESOURCES AVAILABLE

The following are the key strength and resources which assists the Board in attainment of its objectives.

- i. Existence of SIDO Act 1973, has empowered SIDO to execute its mandate.
- ii. Existence of multi-discipline members of management with more than one professional qualification and skills. In addition to qualified staff with appropriate professional's qualifications e.g PhD, Registered Engineers, Certified Public Accountants (CPA), Certified Procurement and Supply Professionals (CPSP) and master's degree. SIDO managed the mentioned resources through provision of good working environment, training and reward for their contribution.

- iii. Existence of shared ICT systems - HCMIS, TANEPS, GePG, LPF; e -Office. SIDO has ICT experts used to manage the shared systems. In addition, there are security controls to access the systems.
- iv. Good relationships with institutions and professional bodies like VETA, Open University, PSPTB, DIT, NBAA and ERB. SIDO maintains a two-way communication with the institutions.

2.15 WELFARE OF EMPLOYEES

The relationship between employees and management continued to be good. There were no unresolved complaints received by Management from the employees themselves and the TUICO workers' representatives.

The Organization continues to provide all the necessary assistance to its employees including support for medical services, payment of leave fares despite the economic hardship that is facing the Organization.

The Organization also implements its training programmes by supporting its employees to participate in different training programmes organized internally and externally in order to enable them acquire the required and necessary skills to improve their capacity and ability to deliver quality services at the required standards.

Employees' participation is also being encouraged to enable them participate in decision making process and be aware of the objectives of the Organization and Management plans in achieving the targeted objectives.

2.16 DIRECTORS' INTERESTS

The organization is whole owned by the Government. During the year no directors' interests existed within the Organization.

2.17 PERSONS WITH DISABILITIES

The Organization gives equal opportunities to all people including disabled for vacancies they are able to fill. Similarly, under the workmen compensation Act, the Organization compensates employees who become incapacitated while in the service of the Organization.

2.18 INTERNAL AUDIT UNIT

The Organization has a strong internal audit unit headed by a Chief Internal Auditor.

2.19 GOOD GOVERNANCE

The Organization has good governance directly headed by the Board of Directors and Management.

2.20 POLITICAL AND CHARITABLE DONATIONS

During the year under SIDO made donations of TZS 14.518 million (2022: TZS 140.211 million).

2.21 GENDER PARITY

Gender issues are taken into consideration whereby the composition of both members of SIDO and members of the management is gender represented. SIDO had 279 employees, out of which 97 were female and 182 were male.

2.22 RELATED PARTY TRANSACTIONS

No loans or advances were made or outstanding at any time during the year to or from any person coming within the definition of "related party" as defined by International Public Sector Accounting Standard (IPSA 20). Key Management personnel remunerations during the year ended 30 June, 2023 were TZS 1,302,220,723.00. Further information is disclosed in Note number 42 to these financial statements.

2.23 TENDER BOARD

The Tender Board members for the year ended 30 June, 2023 comprise eight members as identified in the table below:

Sn	Name of Member	Designation	Title
1	Ahmed Abdallah Kitara	Director of Finance Administration	Chairperson
2	Rozaldina Henerick Manjwa	Ag. Head of Procurement Management Unit	Secretary
3	Shoma Ng'wandu Kibende	Director of Marketing and Investment	Member
4	Grace Peter Diyu	Human Resources Manager	Member
5	Stephen George Bondo	Training Manager	Member
6	Ridhiwani Ramadhani Matange	Regional Manager-Dar es Salaam	Member
7	Kalumuna Prosper Benedicto	Manager Technical Services	Member
8	Venance James Mwolo	Information Technology Manager	Member

During the period ended 30 June, 2023, three Tender Board Meetings were held and one major contract were awarded as shown below:

Sn	Description Of Supplies/Services/Works	Suppliers/Contractors/Service Providers	Procurement Method	Contract Amount (TZS)
1	Supply and Installation, Testing and Commissioning of Machineries for Arusha TDC's	Jiangsu Longsheng Machine Manufacturing Co. Ltd Hai'An Libao Development Area, Jiangsu Province, China.	Single Source	561,906,859.27

2.24 PRINCIPAL RISKS AND UNCERTAINTIES

The Board accepts final responsibility for the risk management and internal control systems of the Organization. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- a. The effectiveness and efficiency of operations;
- b. The safeguarding of the Company's assets;
- c. Compliance with applicable laws and regulations;
- d. The reliability of accounting records;
- e. Operations sustainability under normal as well as adverse conditions; and
- f. Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organization system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial period ended 30 June 2023 and is of the opinion that they met accepted criteria. The Board of Directors carries risk and internal control assessment through Audit and Risk Committee.

2.25 SOLVENCY

The Organization's state of affairs as at 30 June, 2023 indicates that SIDO was able to settle its maturing debt obligations as and when they fell due during the year 2022/23.

2.26 RETIREMENT BENEFITS

The statutory deductions for employees are contributed to pension scheme as per Government directives.

2.27 SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

The Organization allows operations of SIDO Savings and Credit Cooperative Society that provide loans, both short and long term to staff which help to improve standard of living and increase morale to employee.

2.28 FINANCIAL ASSISTANCE

This is available to all employees depending on the merit of each case as assessed by Management as well as liquidity position of the Organization.

2.29 AUDITORS

The Controller and Auditor General is the Statutory Auditor of the Small Industries Development Organization (SIDO) by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under Section 10(1) of the Public Audit Act CAP 418. However, in accordance with section 33(1) of the Public Audit Act CAP 418, M/s Adolph Associates have been authorized to carry out the audit of the Small Industries Development Organization (SIDO).

BY ORDER OF THE BOARD



Eng. Musa Ally Nyamsingwa
CHAIRMAN

27/03/2024

DATE



Prof. Marceline M. Chijoriga
DIRECTOR

3.0 STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

These financial statements have been prepared by the management of the Small Industries Development Organization in accordance with the provisions of Section 30 of the Public Finance Act, Cap. 348. The financial statements as required by the said Act are presented in a manner consistent with the International Public Sector Accounting Standards (IPSAS) - Accrual basis of accounting.

The Board of Directors of Small Industries Development Organization is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by Small Industries Development Organization.

The Board confirms that the system of Internal Control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the 2022/23 financial year.

The Board accepts responsibility for the integrity of the financial statements, the information they contain and their compliance with the Public Finance Act Cap. 348 (Revised 2020) and instructions issued by Treasury in respect of the year under review.



Signed by Chairperson of Board of Directors

27/03/2024

Date

4.0 DECLARATION OF THE HEAD OF FINANCE / ACCOUNTING OF SMALL INDUSTRIES DEVELOPMENT ORGANISATION


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 financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements of the Authority showing a true and fair view of the entity position and performance in accordance with IPSAS accrue basis and other statutory financial reporting requirements.

Full legal responsibility for the preparation of the financial statements' rests with the Governing Board.

I, CPA **Ahmed Abdallah Kitara**, being the Director of Finance and Administration of Small Industries Development Organization (SIDO) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June, 2023 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 position of Small Industries Development Organization (SIDO) as on that date and that they have been prepared based on properly maintained financial records.

Signed by	: Ahmed Abdallah Kitara
Position	: Director of Finance and Administration
NBAA Membership No.	: ACPA 2792
Signature	: 
Date	: 27/03/2024


5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

DESCRIPTION	NOTE	30 June 2023 TZS '000'	30 June 2022 TZS '000'
ASSETS			
Current assets			
Cash and cash equivalents	2	6,017,729	8,074,045
SME Loan Debtors	3	6,599,929	5,335,923
Debtors and Prepayments	4	3,381,605	3,376,306
Inventories	5	592,923	553,288
Non-current Assets held for sale	6	24,092	24,092
		16,616,278	17,363,654
Non-current assets			
Property, plant and equipment	7	75,901,991	77,125,449
Work In Progress	8	2,447,776	1,364,969
Preliminary Costs		-	-
		78,349,767	78,490,418
Total assets (A)		94,966,045	95,854,072
LIABILITIES			
Current Liabilities			
Trade and other payables	9	6,759,495	6,832,300
Employee benefits obligations	10	34,947	49,605
Deposits and pre-payments	11	321,409	440,740
Loan payable	12	85,237	85,237
Total Current Liabilities		7,201,088	7,407,882
Non-Current Liabilities			
Deferred Capital Grants	13	1,055,153	1,055,153
Total Non-Current Liabilities		1,055,153	1,055,153
Total Liabilities (B)		8,256,241	8,463,035
Net Assets (A-B)		86,709,804	87,391,037
NET ASSETS			
Tax Payer Fund	14	3,289,353	3,289,353
SME Loan Fund	15	10,623,986	10,520,060
Accumulated surplus		72,796,465	73,581,624
Total net assets		86,709,804	87,391,037


 Eng. Musa Ally Nyamsingwa
 CHAIRMAN

DATE: 27/03/2024


 Prof. Marceline M. Chijoriga
 DIRECTOR

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION	NOTE	2022/23 TZS '000'	2021/22 TZS '000'
REVENUES			
Revenue from non-exchange transactions			
Government Subvention	16	6,068,685	6,057,289
Government Grants	17	1,660,269	3,213,401
Grants from Third Parties		139,833	-
Total		7,868,787	9,270,690
Revenue from exchange transactions			
Sales of goods and services	18	1,502,611	956,838
Rent Income	19	3,186,325	3,219,668
Financial Income	20	1,625,884	691,739
Training and advocacy income	21	2,899,964	2,975,411
Other Income	22	179,286	427,008
Gain on Review of Assets	7	1,433,342	1,343,589
Total		10,827,412	9,614,253
Total revenue		18,696,199	18,884,943
EXPENSES			
Production costs	23	1,610,414	1,013,209
Repair and Maintenance of Property	24	654,291	139,614
Personnel Costs	25	8,188,924	8,054,611
Social Benefits	26	14,518	140,211
Administrative Expenses	27	5,737,959	5,101,680
Depreciation	7	2,921,878	2,926,738
Impairment of WIP		-	51,872
Provision for Doubtful debtors	28	353,373	1,267,403
Total expenses		19,481,357	18,695,338
OTHER LOSSES /(GAINS)			
Loss on disposal of fixed assets		-	60,055
Total Other Gains/Losses		-	60,055
Surplus/(Deficit) for the period		(785,158)	129,550

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Eng. Musa Ally Nyamsingwa
CHAIRMAN

DATE: 27/03/2024

.....
Prof. Marceline M. Chijoriga
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

DESCRIPTION	NOT E	2022/23 TZS '000'	2021/22 TZS '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants	29	7,868,787	9,270,690
Sales of Goods and Services	30	1,515,818	1,644,628
Rent Income	31	3,730,976	3,008,181
Financial Income	32	161,935	77,826
Training and advocacy income	21	2,899,964	2,975,411
Other Income	33	153,600	262,203
Total receipts		16,331,080	17,238,939
Payments			
Employee costs	34	8,115,871	7,752,221
Suppliers	35	9,013,048	5,739,711
Other Payments	26	14,518	140,211
Total Payments		17,143,437	13,632,143
Net Cash Flows Generated from Operations (A)		(812,357)	3,606,796
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Plant and Equipment	7	(265,078)	(2,594,223)
Decrease of Preliminary Costs		-	49,254
(Increase)/Decrease capital work in progress	8	(1,082,807)	1,748,389
Net Cash Flow used for Investing Activities (B)		(1,347,885)	(796,580)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Capital Grant			
Increase in SME Loan Fund	15	103,926	377,515
Net Cash Flow from financing Activities (C)		103,926	377,515
Net (Decrease)/Increase in Cash and Cash Equivalents(A+B+C)		(2,056,316)	3,187,731
Cash and Cash Equivalents as at the Beginning of the Year		8,074,045	4,886,314
Cash and Cash Equivalents as at the end of the year		6,017,729	8,074,045


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Eng. Musa Ally Nyamsingwa
CHAIRMAN

DATE: 27/03/2024


.....
Prof. Marceline M. Chijoriga
DIRECTOR

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

DESCRIPTION	Tax Payer Fund	SME Loan Fund	Accumulated surplus (Deficit)	Total net assets
	TZS "000"	TZS "000"	TZS "000"	TZS "000"
Balance at 1 July 2022	3,289,353	10,520,060	73,581,623	87,391,036
Addition During the year		103,926	(785,158)	(681,232)
Balance at 30 June 2023	3,289,353	10,623,986	72,796,465	86,709,804
Balance at 1 July 2021	3,289,353	10,142,545	72,903,441	86,335,339
Addition During the year		377,515	129,550	507,065
Adjustment during year			548,632	548,632
Balance at 30 June 2022	3,289,353	10,520,060	73,581,623	87,391,036



 Eng. Musa Ally Nyamsingwa
 CHAIRMAN

DATE: 27/08/2024



 Prof. Marceline M. Chijoriga
 DIRECTOR

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

DESCRIPTION	Original budget	Final Budget	Actual amounts	Differen ces Final budget and Actual	Performance
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	%
A: RECEIPTS					
Government Grants	10,276,260	10,276,260	7,868,787	2,407,473	77%
Sales of goods and services	1,505,353	1,505,353	1,515,818	-10,465	101%
Rent Income	5,808,396	5,808,396	3,730,976	2,077,420	64%
Financial Income	1,231,550	1,231,550	303,919	927,631	25%
Training and advocacy income	6,119,564	6,119,564	2,899,964	3,219,600	47%
Other Income	578,629	578,629	115,543	463,086	20%
Total Receipts (A)	25,519,752	25,519,752	16,435,007	9,084,745	64%
B: PAYMENTS					
Wages, salaries and employee benefits	9,299,068	9,299,068	8,115,871	1,183,197	87%
Repair and Maintenance of Property	686,127	686,127	654,291	31,836	95%
Production of Goods and Services	4,523,636	4,523,636	1,683,220	2,840,416	37%
Administrative Expenses	7,140,757	7,140,757	5,777,594	1,363,163	81%
Social Benefits	65,168	65,168	14,518	50,650	22%
Acquisition of Plant Property and Equipment; 37	3,804,996	3,804,996	2,245,829	1,559,167	59%
Total Payments (B)	25,519,752	25,519,752	18,491,323	7,028,429	72%
Net Receipt (A-B)			(2,056,316)		


 Eng. Musa Ally Nyamsingwa
 CHAIRMAN

DATE: 27/03/2024


 Prof. Marceline M. Chijoriga
 DIRECTOR

NOTE1: GENERAL INFORMATION, ACCOUNTING POLICIES AND EXPLANATORY NOTES ON THE ACCOUNTS

Organization Information

Small Industries Development Organization (SIDO) is a Parastatal Organization established by an Act of Parliament in 1973 to plan, coordinate, promote and offer a variety of services to small and medium scale enterprises (SMEs). It has offices in all regions of mainland Tanzania. The Head Office is located at Sabasaba Road Uhindini, Plot No. 1, Block W, Box 461, Dodoma, Tanzania, and E. Mail dg@sido.go.tz, Telephone No.022 2151946/7. The overall management of SIDO is vested in the Board of Directors as the Governing body under the supervision of the Ministry of Industries and Trade. The Chief Executive Officer (DG) carries out the day-to-day operations of the Organization.

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years unless otherwise stated.

Compliance and basis of preparation of Financial Statements

The financial statements of Small Industries Development Organization (SIDO) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and interpretations issued by the IPSAS, Interpretations Committee (IFRIC) applicable to entities reporting under IPSAS. The financial statements comply with IPSAS as issued by the International Public Sector Accounting Standards Board (IPSASB).

PPE Capitalization Policy

Long lasting assets purchased, constructed or manufactured which are intended for sale are categorized under current assets, while those which are intended for use by the Organization or hire/rent to any other institution are categorized as property, plant and equipment. However, loose tools are written off during the year of purchase.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Land and buildings comprise mainly Industrial sheds (Estates) and residential houses constructed by the Organization in 25 Regions, and plots acquired by the Organization. Land and buildings are shown at Historical cost based on valuations by external independent valuers, M/S UCLAS of Dar es Salaam carried out in June, 2011 less subsequent depreciation for buildings.

Plant and equipment is stated at the historical value.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their costs amounts to their residual values over their estimated useful lives as follows: -

Asset Description	Rate (%) p.a.
Buildings	2
Plant and Machinery	15
Furniture, Fixtures and Equipment	20
Computers	25
Motor Vehicles	20

Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

Provisions

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 or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Trade receivables are recognized initially at fair value and subsequently measured at cost less provision for impairment. Specific provision is made in the accounts against trade receivables when it is unable to collect all amounts due according to the original terms of contract. The amount of the provision is recognized in the income statement. Bad debts are written off after all steps to recover them have failed.

Revenue from non-exchange transactions

Revenues from non-exchange transactions in SIDO are transfers with other government entities and are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Deferred Capital Grants

Grants received in monetary form for capital expenditure, recurrent expenditure or in form of non-monetary assets and with conditions are recognized as deferred income in the statement of financial position and are released to income statement when the respective conditions are met

Revenue from exchange transactions

i) Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

ii) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

iii) Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

iv) Rental income

Rental income arising from operating Industrial Estates in twenty-three regions and is charged to tenants basing the area of occupancy in trade activities and included in revenue.

Employees Benefits

SIDO has a defined pension contribution plan scheme for its employees under Public Service Social Security Fund (PSSSF). A defined contribution plan is a pension plan under which SIDO pays fixed contribution of 15% of employee's salary, to PSSPF on a monthly basis and as from July 2012 the Government is paying direct to the respective Organization on our behalf SIDO 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 and prior periods.

Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Organization recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdraw, or to Provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to net present value.

Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Director General, Directors, Head of Units and Managers.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, demand and call deposits if they exist at the balance sheet date.

Budget information

The annual budget is prepared on the cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity.

Capital Commitments

SIDO did not have any capital commitments during the year. It also did not have authorized projects that were not contracted for.

Provisions

No provisions have been made relating to pending litigations due to uncertainty relating to their outcome before the courts.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

Current and Deferred Tax

According to the Act of Establishment, the Organization is not subject for corporate tax and therefore current and deferred tax does not apply.

Financial Risk Factors

The Organization's activities are exposed to a variety of financial risks. The Organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Organisation's financial performance by: -

(i) Interest-Rate Risk

The Organization's income and operating cash flows are dependent on changes in market interest rates. The Organization borrows on fixed interest rates and subsequently lends on fixed rates.

(ii) **Credit Risk**

The Organization has significant concentrations of credit risk with its credit clients. The Organization has policies in place to ensure that credits are provided to clients/customers with an appropriate credit history/track record and security (collateral).

(iii) **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Organization arranges for bank finance to provide bridging facilities where appropriate.

(iv) **Reporting and Functional Currency**

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

(v) **Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency 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 of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

NOTE 2: CASH AND CASH EQUIVALENT

The Amount of Cash and Cash Equivalent available as at the close of the business on 30 June 2023 is TZS 6,017,726,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Petty Cash	2,503	3,181
GePG Collection A/C	29,571	-
GePG Collection CRDB TSH A/C	222,366	60,470
Bank Savings	2,546,543	4,752,465
Bank A/C Recurrent	853,214	400,178
Bank A/C Development	60,407	1,593
Bank A/c SIDO Food Processing	48,262	204,977
Bank A/C Fixed Deposit	1,054,000	1,054,000
Bank A/C Salaries	13,865	15,726
Bank A/C TFSR Camry	52,839	44,054
Bank A/C NEDF	695,972	1,088,743
Bank A/C EADB	678	677

SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)
NOTES TO THE FINANCIAL STATEMENTS

Bank A/C MIVARF	17,099	44,875
Bank A/C INCUBATOR/NIGP	731	22,519
Bank A/C Forex (\$)	137	137
Bank A/C TGT	18	18
Bank A/C Recurrent Expenditure	32,672	54,369
Bank A/C RRF	210,188	184,752
SIDO-NEDF-DSM	3,242	3,242
LCI Bank A/C	36,571	53,396
Bank A/C COMSEC	967	2,069
Bank A/C Projects	74	9,673
Bank A/C Client Deposit	15,551	27,069
Bank A/c Forex (Pounds)	353	353
Bank A/C BOT Forex	66,012	20,232
Bank A/C SME Guarantee Scheme	49,335	17,885
Bank A/C Infrastructure	4,532	2,033
SELF BANK A/C	-	-
BANK A/C SOCIAL RESPONSIBILITY	27	5,359
Total	6,017,729	8,074,045

NOTE 3: SME LOAN DEBTORS

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Loan Debtors		
NEDF Debtors	8,714,981	8,002,670
NIGP/UCP Debtors	17,318	17,318
RRF Debtors	850,720	853,787
LCI Debtors	1,577	1,577
Sub-Total	9,584,596	8,875,352
Interest Receivable	38,269	41,902
Interest Suspense	(37,548)	(37,548)
Provision Loan Debtors	(2,985,388)	(3,543,783)
Total SME Loan debtors	6,599,929	5,335,923

NOTE 4: DEBTORS AND PREPAYMENTS

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Trade Debtors		
Trade Debtors	227,103	240,310
Tenants Debtors	2,782,283	3,445,253
TFSR Debtors	-	-
Provision Trade Debtors	(490,398)	(473,560)
Provision Tenant Debtors	(725,249)	(642,809)
Sub-Total	1,793,739	2,569,194
Staff Debtors		

SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)
NOTES TO THE FINANCIAL STATEMENTS

Midmonth advance	300	300
Staff Loans	73,393	86,514
Staff Imprest	194,491	239,765
Provision Staff Debtors	(147,422)	(88,627)
Sub-Total	120,762	237,952
Other Debtors		
Other Debtors	130,519	81,474
Prepayment	1,425,481	576,582
Deposit	-	-
Provision Other Debtors	(88,896)	(88,896)
Sub-Total	1,467,104	569,160
Total	3,381,605	3,376,306

NOTE 5: INVENTORIES

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Hire Purchases stock	14,255	14,255
Finished Goods Stock	255,498	262,506
Work in Progress TDC Products	77,473	74,403
Raw Materials Stock	6,342	8,406
Office Consumables	24,116	28,019
Artisan Stock	156,860	129,438
Packaging Materials	58,379	40,374
Impairment of office consumables	-	-
Provision of Stock Loss	-	(4,113)
Total	592,923	553,288

NOTE 6: NON- CURRENT ASSETS HELD FOR SALE

The amount of Assets Held for Sale is TZS 24,092,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Computer and Accessories	773	773
Furniture, Fitting and Equipment	10,091	10,091
Plant and Machinery	12,879	12,879
Motor vehicles	349	349
Total	24,092	24,092

SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Land	Buildings	Plant and Machinery	Furniture, Fixtures & equipment	Computers	Motor Vehicles	Printers & Scanners	Air conditions	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
COST/VALUATION									
Balance as at 1/7/2022	27,743,156	53,592,837	4,607,010	1,425,013	1,141,547	4,066,825	101,155	123,490	92,801,033
Addition - Monetary	-	63,771	23,623	79,348	90,544	-	7,792	-	265,078
- Non-Monetary	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 30/06/2023	27,743,156	53,656,608	4,630,633	1,504,361	1,232,091	4,066,825	108,947	123,490	93,066,111
DEPRECIATION									
Balance as at 01/7/2022	-	9,271,803	1,609,600	853,551	695,697	3,102,335	71,210	71,388	15,675,584
Charge for the Year	-	1,071,128	491,050	276,262	243,529	794,601	21,887	23,421	2,921,878
Review	-	-	(324,291)	(113,817)	(189,361)	(768,228)	(21,552)	(16,093)	(1,433,342)
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 30/06/2023	-	10,342,931	1,776,359	1,015,996	749,865	3,128,708	71,545	78,716	17,164,120
NET AS AT 30/06/2023	27,743,156	43,313,677	2,854,274	488,365	482,226	938,117	37,402	44,774	75,901,991
NET AS AT 30/06/2022	27,743,156	44,321,034	2,997,410	571,462	445,850	964,490	29,945	52,102	77,125,449

NOTE 8: WORK IN PROGRESS

The Amount of work in progress as at year end is TZS 2,447,776,000.00

DESCRIPTION	2022/23	Transfer to PPE	Relocation	Impairment	2021/22
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Capital WIP Building	2,447,776	-	1,082,807	-	1,364,969
Total	2,447,776	-	1,082,807	-	1,364,969

NOTE 9: TRADE AND OTHER PAYABLES

The Amount of trade and other payables from exchange transactions is TZS 6,749,895,000.00

DESCRIPTION	2022/23	2021/22
	TZS '000'	TZS '000'
Trade Creditors	45,338	58,740
Other Creditors	6,656,377	6,719,421
Debt Collector	10,069	9,252
Withholding Tax	2,552	6,242
Other current liabilities	45,159	38,645
Total	6,759,495	6,832,300

NOTE 10: EMPLOYEE BENEFIT OBLIGATIONS

DESCRIPTION	2022/23	2021/22
	TZS '000'	TZS '000'
Pension Control-Employees	-	-
Pension Control-Employer	-	10,776
Pension Control-Surrender	-	4,996
NHIF CONTROL EMPLOYEE	-	-
Trade Unions Deductions	-	12
Other Salary Deductions	34,947	33,821
Total	34,947	49,605

NOTE 11: DEPOSITS AND PRE- PAYMENTS

DESCRIPTION	2022/23	2021/22
	TZS '000'	TZS '000'
Advance Received	113,915	232,234
Clients' Saving/Deposits	207,494	208,506
Total	321,409	440,740

NOTE 12: LOANS PAYABLES

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
SELF Loan	85,237	85,237
Total	85,237	85,237

NOTE 13: DEFERRED CAPITAL GRANTS

This represents the income of capital nature received from the Government and other development partners and is purposely used for SIDO Credit Guarantee Scheme.

SIDO Credit Guarantee Scheme was established following SIDO funding application to Agriculture Food Aid Counterpart Fund program (2KR Counterpart fund); on 16th September 2014, where a grant of TZS 1.0 billion was approved as a guarantee fund to finance the promotion of Macro and Small Agro processing Enterprises in Tanzania Mainland. On 13th January 2015, SIDO on behalf of the Ministry of Industries and Trade (MIT), signed a Grant Contract with Tanzania/Japan Food Aid Counterpart Fund. The fund (1 billion) deposited to CRDB Bank as a guarantee for CRDB to lend 2. Billion to SMEs.

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
CGS Funds	1,055,153	1,055,153
Total	1,055,153	1,055,153

NOTE 14: TAX PAYER FUND

The amount represents Initial Capital Fund, RRF Fund, and NEDF. Initial capital of TZS 851,000 was contributed by the Tanzania Government when the Organization was established in 1973. This Fund comprises funds used to start up Hire Purchase programs received from MICRO PROJECT and INDO-TANZANIA PROJECT granted as loan from the Government of India.

During the financial year 1997/98 the Government cancelled long term loan advanced to SIDO and the principal sum and accrued interest thereon amounting to TZS 3,288,501,821.40 were converted into Capital Fund (RRF Fund) as per certificate of loan Cancellation dated 6th March, 1998 from Ministry of Finance.

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Capital Fund	851	851
RRF FUND	3,288,502	3,288,502
Total	3,289,353	3,289,353

NOTE 15: SME LOAN FUND

SME LOAN Fund contains NEDF Fund and Capitalized Interest.

NEDF Fund is a revolving fund given to the Organization by the Government for lending to owners of small enterprises. Maximum single loan is TZS 5,000,000 repayable within one year at 22% interest rate per annum for non-production and at 18% for production sector.

It is the policy of the Organization that from the Interest received from RRF loan; forty percent (40%) is capitalized and from NEDF loan, fifty percent (50%) is capitalized.

DESCRIPTION	30 June 2023 TZS '000'	30 June 2022 TZS '000'
NEDF FUND	7,193,754	7,193,754
NEDF Interest Capitalized	3,316,091	3,228,141
RRF Interest Capitalized	114,141	98,165
Total	10,623,986	10,520,060

NOTE 16: GOVERNMENT SUBVENTION

Government subvention represents amount released by the Government for staff salaries and other staff related charges. For the current year amount recognized as Government subvention is TZS 6,072,156,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Government Subvention	6,068,685	6,057,289
Total	6,068,685	6,057,289

NOTE 17: GOVERNMENT GRANTS

During the year the amount of Government Grants is TZS 1,660,269,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Development grants	1,660,269	3,213,401
Total	1,660,269	3,213,401

NOTE 18: SALE OF GOODS AND SERVICES

During the year the number of Sales of Goods and Services is TZS 1,502,611,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Sales	1,244,190	818,434
TDC Service Charges	180,603	75,435
Other Service Charges	68,916	62,019
Conference Facilities	8,902	950
Total	1,502,611	956,838

NOTE 19: RENT INCOME

During the year the Rent Income is TZS 3,186,325,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Rent of Stall & Sheds	3,186,325	3,219,668
Total	3,186,325	3,219,668

NOTE 20: FINANCIAL INCOME

During the year the amount of Financial Income is TZS 1,625,884,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
NEDF Interest	76,739	317,548
HP Interest	80,104	44,905
FDR Interest	15,057	78,712
Penalty Income- RRF	102,553	9,222
Penalty Income- NEDF	450,806	86,284
Other Interest	-	-
Loan Service Charges	239,850	145,274
Other Loan Income	660,775	9,794
Total	1,625,884	691,739

NOTE 21: TRAINING AND ADVOCAY INCOME

During the year the amount of Training and Advocacy income is TZS 2,899,964,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Training Income	1,013,352	1,083,226
Agency fee income	163,555	975,928
Advisory Service Income	746,801	780,822
Consultancy Fees	488,120	127,905
Product Made at Trainings	77,879	-
Exhibition Fees	410,257	7,530
Total	2,899,964	2,975,411

NOTE 22: OTHER INCOME

The income includes contributions from SMEs for exhibition participation, activity cost sharing, creditor foregone and bad debts recovered.

DESCRIPTION	SMEs contributions 2022/2023	Debtors & Creditors recovered 2022/2023	Total 2022/23	Previous year 2021/22
	TZS '000'	TZS '000'		TZS '000'
Arusha Industrial Estate	350	483	833	-
Arusha Regional Office	-	-	-	4,321
Arusha TDC	-	-	-	15,719
Singida HPC	1,372	-	1,372	-
Dar Es Salaam Regional Office	17,737	643	18,380	78
Dodoma Industrial Estate	3,600	-	3,600	146
Dodoma Regional Office	7,064	450	7,514	6,443
Geita Region Office	1,600	-	1,600	1,785
Head Office	9,974	3,113	13,087	112,950
Iringa Industrial Estate	-	12	12	493
Iringa Regional Office	4,362	483	4,845	20,700
Iringa TDC	-	348	348	6,468
Kagera Industrial Estate	-	-	-	-
Kagera Regional Office	1,741	1,003	2,744	6,904
Katavi Regional Office	-	-	-	15,320
Kigoma Industrial Estate	-	-	-	50
Kigoma Regional Office	8,390	3,448	11,838	24,485
Kigoma TDC	-	374	374	-
Kilimanjaro Estate	-	467	467	60
Kilimanjaro Regional Office	-	-	-	6,742
Kilimanjaro TDC	-	-	-	5,163
Lindi Industrial Estate	-	-	-	1,000
Lindi Regional Office	-	2,299	2,299	16,053
Lindi TDC	850	1,382	2,232	-
Manyara Regional Office	196	-	196	1,451
Mara Industrial Estate	-	-	-	28
Mara Regional Office	7,335	1,226	8,561	20,080
Mbeya Industrial Estate	2,880	-	2,880	2,909
Mbeya Regional Office	1,505	-	1,505	2,570
Kizota TDC	-	980	980	-
Morogoro Regional Office	8,592	-	8,592	21,043
Mtwara Industrial Estate	348	-	348	-
Mtwara Regional Office	27,925	5,151	33,076	17,990
Mwanjelwa Estate	6,535	-	6,535	78,778
Mwanza Industrial Estate	-	364	364	1,018
Mwanza Regional Office	1,000	-	1,000	-
Tabora Industrial Estate	3,872	-	3,872	-
Songwe Regional Office	460	-	460	-
Rukwa Industrial Estate	-	2,700	2,700	-

DESCRIPTION	SMEs contributions 2022/2023 TZS '000'	Debtors & Creditors recovered 2022/2023 TZS '000'	Total 2022/23	Previous year 2021/22 TZS '000'
Rukwa Regional Office	316	329	645	470
Rukwa Industrial Estate	-	-	-	241
Ruvuma Industrial Estate	-	-	-	1,250
Ruvuma Regional Office	-	-	-	471
Shinyanga Estate	66	68	134	4,873
Shinyanga Regional Office	3,891	42	3,933	6,368
Simiyu Industrial Estate	-	-	-	200
Simiyu Regional Office	802	1,180	1,982	-
Singida Regional Office	20,293	-	20,293	1,576
Tabora Regional Office	-	-	-	2,161
Tanga Industrial Estate	8,155	-	8,155	1,758
Tanga Regional Office	1,530	-	1,530	16,341
USANGI TPC	-	-	-	552
Total	152,741	26,545	179,286	427,008

NOTE 23: PRODUCTION OF GOODS AND SERVICES

During the year the amount of Production costs is TZS 1,610,414,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Raw Materials	924,710	512,631
Workshop Consumable	52,621	45,125
Food processing materials	18,540	133,468
Casual Labor	238,942	133,595
Sub contract costs	375,201	187,514
Rent, Machinery, Plant& Equipment	400	876
Sales Commission	-	-
Total	1,610,414	1,013,209

NOTE 24: REPAIR AND MAINTANANCE OF PROPERTY

During the year the amount of Repair and Maintenance Cost is TZS 654,291,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Cement, Bricks, and Building Materials	145,500	33,021
Roofing Materials	147,770	19,846
Wood and Timber Supplies	60,241	1,578
Paint and Whether Protection Coatings	56,968	12,387
Metal Fence and Posts	3,867	442
Plumbing Supplies and Fixtures	31,600	4,863

Electrical and Other Cabling Materials	16,048	17,520
Small Tools and Implements	8,016	2,547
Direct Labor(Contracted or Casual Hire)	124,525	22,840
Outsource Maintenance Contract Services	600	1,880
Repair Plant & Machinery	11,094	2,426
Repairs - Property	3,304	5,531
Repairs - Building	44,758	14,733
Total	654,291	139,614

NOTE 25: WAGES, SALARIES AND EMPLOYEE BENEFITS

During the year the amount of Personnel Cost is TZS 8,192,394,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Basic Pay	6,118,231	6,267,559
Duty allowances	1,426,871	1,156,508
Other Personnel costs	643,822	630,544
Total	8,188,924	8,054,611

NOTE 26: SOCIAL BENEFITS

During the year the amount of Social Benefits Cost is TZS 14,518,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Responsibility to Society	10,958	106,232
Donations	3,560	33,979
Total	14,518	140,211

NOTE 27: ADMINISTRATIVE EXPENSES

During the year the Administrative Cost is TZS 5,737,959,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Travel In Country	1,411,444	1,264,673
Travel-Out Country	19,113	324
Training-Domestic	1,172,451	1,034,808
Training-Foreign	7,866	-
Participation in Exhibitions	618,859	360,540
Consultancy, Fees and subscriptions	567,625	275,767
Audit Expenses	193,998	224,312
Vehicle costs	476,134	475,785
Office Expenses	1,058,823	1,132,914
Advertising and Promotion costs	121,074	138,183
Board expenses	23,081	128,414
Repair Tools and Equipment	27,920	25,960

Financial costs	208	-
Contribution to Consolidated Funds	39,363	40,000
Total	5,737,959	5,101,680

NOTE 28: PROVISION FOR DOUBTFUL DEBTORS

The Amount of provision made during the year is TZS 315,313,000.00

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Loss Provision	353,373	1,267,403
Total	353,373	1,267,403

Classification and movement of provision for doubtful debts is as provided below:

Class of Debtor	Balance as at 30 June 2023 TZS '000'	Restatement/ (Recovery) during the year 2022/23 TZS '000'	Provision during the year 2022/23 TZS '000'	Balance as at 30 June 2022 TZS '000'
SME Loan Debtors	2,985,388	(755,957)	197,562	3,543,783
Trade and Tenant Debtors	1,215,648	-	99,279	1,116,369
Other Debtors	88,895	-	-	88,895
Staff Debtors	147,422	2,264	56,532	88,626
TOTAL	4,437,353	(753,693)	353,373	4,837,673

NOTE 29: CASH FLOW FROM OPERATING ACTIVITIES - GRANTS

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Government Subvention	6,068,685	6,057,289
Government Grants	1,660,269	3,213,401
Grants from third parties	139,833	-
Total	7,868,787	9,270,690

NOTE 30: CASH FLOW FROM OPERATING ACTIVITIES - SALES OF GOODS AND SERVICES

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Sales of goods and services	1,502,611	956,837
Decrease/Increase in Trade Debtors	13,207	687,791
Total	1,515,818	1,644,628

NOTE 31: CASH FLOW FROM OPERATING ACTIVITIES - RENT INCOME

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Rent Income, Note 19	3,186,325	3,219,668
Increase in Tenants Debtors, Note 4	662,970	(257,814)
Decrease in advance received, Note 11	(118,319)	46,327
Total	3,730,976	3,008,181

NOTE 32: CASH FLOW FROM OPERATING ACTIVITIES - FINANCIAL INCOME

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Financial Income during the year	1,625,884	691,739
Decrease/Increase in SME Loan Debtors	(709,244)	(671,096)
Refund of Client deposits	(1,012)	(24,181)
Non-cash adjustment	(753,693)	81,364
Total	161,935	77,826

NOTE 33: CASH FLOW FROM OPERATING ACTIVITIES - OTHER INCOME

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Other Income, Note 22	179,286	427,008
Decrease in Other Debtors and Prepayments	-	(164,805)
Non-cash adjustment	(25,686)	-
Total	153,600	262,203

NOTE 34: CASH FLOW FROM OPERATING ACTIVITIES - EMPLOYEE COSTS

DESCRIPTION	2022/23 TZS '000'	2021/22 TZS '000'
Personnel costs	8,188,924	8,054,611
Decrease in staff debtors	(58,395)	(208,012)
Increase in employee obligations	(14,658)	(94,378)
Total	8,115,871	7,752,221

NOTE 35: CASH FLOW FROM OPERATING ACTIVITIES - SUPPLIERS

DESCRIPTION	2022/23 TZS '000'	2021/23 TZS '000'
Production costs	1,610,414	1,013,209
Repair and maintenance	654,291	139,614
Administrative expenses	5,737,959	5,101,678
Movement in Inventory	39,635	(459,361)
Increase in prepayment	897,944	

Decrease/(increase in creditors	72,805	(55,429)
Total	9,013,048	5,739,711

NOTE 36: RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES TO SURPLUS/ (DEFICIT)

DESCRIPTION	30 June 2023	30 June 2022
	TZS '000'	TZS '000'
Surplus/ (Deficit) for the Year	(785,158)	129,550
Non-Cash movements		
Depreciation	2,921,878	3,012,174
Impairment of WIP		51,872
Increase in Provision for Doubtful debtors	353,373	1,267,403
Reverse in Provisions of Previous Years	(753,693)	270,124
Review of Useful-life of PPE	(1,433,342)	(1,429,025)
Loss on disposal of assets		60,055
Increase in SME Loan Debtors	(705,611)	(671,096)
Increase in Other Debtors and Prepayments	(163,375)	473,183
Decrease/ Increase in Inventory	(39,635)	459,361
Decrease/Increase Trade and Other payables	(72,805)	55,426
Increase/Decrease in Employee Obligation	(14,658)	(94,378)
Decrease in Client deposits	(119,331)	22,147
Net-Cash Flow from Operating Activities	(812,357)	3,606,796

NOTE 37: LIST OF TRANSACTINS/ BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDEND 30 JUNE 2023 (RECEIPTS)

Sn	Goods/Services Provided	Name of Entity Provided goods/services	Amount Received TZS "000"	Receivable Balance TZS "000"
1	Furnitures	Jeshi La Zimamoto Na Uokoaji	1,800	
2	Furnitures Supply	Dodoma City Council	20,206	
3	Supply Of Road Poles and Window Grills	University Of Dodoma	14,520	
4	Supply Of Gates	Msalato Secondary School	2,854	
5	Supply Of Gas Stove	Public Service Social Security Fund (PSSSF)	750	
6	Furnitures	Dodoma Makulu Primary School	7,889	
7	Sdf Bursary 2 Program Fund	Mamlaka Ya Elimu Tanzania	21,060	
8	Training Fee	Tanzania Education	130,534	

Sn	Goods/Services Provided	Name of Entity Provided goods/services	Amount Received TZS "000"	Receivable Balance TZS "000"
		Authority (TEA)		
9	Training Fee	Njombe Town Council	1,700	
10	Training Fee	Tanzania Rural Roads Agency (TARURA)	6,120	
11	Post Code Services	Tanzania Rural Roads Agency (TARURA)	428,493	
12	Rail Guard Repair	Tanzania National Road Agency (TANROADS)	127,200	
13	Fabrication Of Man Cover Hole	Lyamungo Umbwe Water Supply	10,340	
14	Fabrication Of Teller	Moshi District Council	17,600	
15	Furnitures	Ras Mara	7,400	
16	Iron Beds (Double Deck)	Chuo Cha Afisa Tabibu-Musoma	14,999	
17	Furnitures	Mahakama Kuu Musoma	2,000	
18	Fire Advices	Fire Rescue	80	
19	Exhibition	Simiyu Subtreasury (Rc Simiyu)	700	
20	Furnitures	Government Procurement Services Agency (GPSA)	19,698	
21	Gas Cooking Stove	941 JWT-Old Shinyanga	4,000	
22	Machine Repair	Shinyanga Water Supply and Sanitation Authority (SHUWASA)	800	
23	Repair Of Alluminium Pots	Lindi Secondary School	1,235	
24	Repair Of Spares	Tanzania Electric Supply Co. Ltd (TANESCO)	559	
25	Repair Of Spares	Ruwasa - Ruangwa	150	
26	Repair Of Spares	Luwasa - Lindi Manicipality	120	
		Total	842,807	

NOTE 38: LIST OF TRANSACTINS/ BALANCES WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDEND 30 JUNE, 2023 (PAYMENTS)

Sn	Goods/Services Received	Name of Entity Provided goods/services	Amount Paid TZS "000"	Payable Balance TZS "000"
1	Electricity	Tanzania Electric Supply Co. Ltd (TANESCO)	50,563	
2	Stationaries	Government Procurement Services Agency (GPSA)	5,422	
3	Motor Vehicle Fuel	Government Procurement Services Agency (GPSA)	178,306	
4	Annua Rental Fee	Tanzania Posts Corporation	582	
5	Withholding Taxes	Commissioner For Domestic Revenue	16,939	

Sn	Goods/Services Received	Name of Entity Provided goods/services	Amount Paid TZS "000"	Payable Balance TZS "000"
6	Telephone Bill	Tanzania Telecommunication Company Ltd (TTCL)	5,340	
7	Cleaning And Furnigation	Suma JKT	1,710	
8	Supply Of Water	Dodoma Water Supply and Sanitation Authority (DUWASA)	927	
9	Mail Box	Tanzania Post Corporation	389	
10	Contribution For Women World Day	City Council of Dodoma	50	
11	National Flag	Government Procurement Services Agency (GPSA)	208	
12	Water Bil	Geita Water Supply and Sanitation Authority (GEUWASA)	460	
13	Motor Vehcle Repair	Tanzania Electrical Mechanical&Electronics Services Agency (TEMESA)	18,240	
14	Motor Vehcle Insurance	National Insurancecorporation (NIC)	6,470	
15	Water Bil	Iringa Water Supply and Sanitation Authority (IRUWASA)	950	
16	Water	Njombe Water Supply and Sanitation Authority (NJOWASA)	124	
17	Employer's Contribution	Public Service Social Security Fund (PSSSF)	1,294	
18	Bank Charges	National Microfinance Bank Limited (NMB)	21	
19	Water	Kilimanjaro Water Supply and Sanitation Authority (MUWASA)	1,043	
20	Annual Fee& Seminar Fee	National Board of Accountants and Auditors (NBAA)	713	
21	Water Bill	Kagera Water Supply and Sanitation Authority (MWAUWASA)	472	
22	Water Services	Dar Es Salaam Water Supply and Sanitation Authority (DAWASA)	6,447	
23	Exhibition	Tan Trade	780	
24	Tender Service	Tanzania E- Procurement System (TANEPS)	100	
25	Water Supplies	Kigoma Water Supply and Sanitation Authority (KIUWASA)	1,769	
26	Water Charges	Mtwara Water Supply and Sanitation Authority (SUWASA)	13,102	
27	Water Services	Manyara Water Supply and Sanitation Authority (BAWASA)	291	
28	Donation	Ras Manyara	200	
29	Land Rent	Ministry Of Land	35,589	
30	Water Bil	Morogoro Water Supply and Sanitation Authority (MORUWASA)	1,064	
31	Water Bill	Mwanza Water Supply and Sanitation Authority (MWAUWASA)	2,484	
32	Water Bil	Rukwa Water Supply and	1,340	

Sn	Goods/Services Received	Name of Entity Provided goods/services	Amount Paid TZS '000'	Payable Balance TZS '000'
33	Water Bil	Sanitation Authority (SUMBAWASA) Ruvuma Water Supply and Sanitation Authority (SOUWASA)	416	
34	Water Supplies	Imalilo Mradi Wa Maji	76	
35	Postage	Tanzania Posts Corporation	266	
36	Fire Advices	Fire Rescue	80	
37	Exhibition	Simiyu Subtreasury (RC SIMIYU)	700	
38	Water Charges	Shinyanga Water Supply and Sanitation Authority (SHUWASA)	1,194	
39	Water Conection	Kigoma Water Supply and Sanitation Authority (KUWASA)	8,004	
40	Water Conection	Tabora Water Supply and Sanitation Authority (TUWASA)	1,244	
41	Water Bil	Tanga Water Supply and Sanitation Authority (TANGAWASA)	2,251	
		Total	367,620	

NOTE 39: TAXATION

Small industries Development Organization (SIDO), being A Government Institution is exempted from payment of direct tax and other duties payable by other government departments as per Second Schedule of Income Tax Act, 2004.

NOTE 40: CAPITAL COMMITMENTS

The Organization had no capital commitments as at the year-end.

NOTE 41: CONTINGENT LIABILITIES

As at 30 June, 2023 SIDO had a total of 3 pending cases with contingent liability countrywide compared to 9 pending cases as at 30 June, 2022. These cases are in the forms of Tenancy Court Injection to vacate the shed and to sale loan collateral. A total of 12 new cases were instituted between 01 July, 2022 and 30 June, 2023.

S/N	No. Of Case	Parties To the Case	30 June 2023 TZS '000'	30 June 2022 TZS '000'
1	38/2018	Innocent R. Banyenza Vs SIDO & Noel Estate Co. Ltd		458
2	324/2019	Commissioner for Lands Vs SIDO		68,730
3	155/2020	Victor Herman Vs SIDO		8,337
4	156/2020	Pendo Victor Vs SIDO		9,032
5	53/2021	Edwin Mwangulu Vs SIDO		5,957
6	142/2021	Precision Techno Craft LTD Vs SIDO	33,000	33,000

S/N	No. Of Case	Parties To the Case	30 June 2023 TZS '000'	30 June 2022 TZS '000'
7	15/2022	SIDO & AG Vs LWERU BEACHES AND RESORT CO LTD		21,700
8	21/2022	GOLDEN BILUNGI (EAGT) DHIDI YA SIDO		Unidentified amount
9	33/2022	Azizi Mpambije Vs SIDO		10,000
10	104/2023	Precision Techno Craft LTD Vs Ridhione Matange & Richard Mayongela	33,000	
11	17/2023	Martin Daniel Ampel VS SIDO	4,000	
		Total	70,000	157,214

NOTE 42: OWNER OF THE ORGANIZATION

The Government of the United Republic of Tanzania is the owner of SIDO.

NOTE 43: RELATED PARTY TRANSACTIONS

The only related parties' transactions during the year under review were salary to key management personnel and Director's remunerations. The following transactions were carried out with related parties:

	2022/23 TZS '000'	2021/22 TZS '000'
Salary to key management personnel	1,135,325	1,164,766
Directors' remuneration	166,896	166,416
TOTAL	<u>1,302,221</u>	<u>1,331,182</u>

NOTE 44: COMPARATIVE FIGURES

Previous year's figures have been re-grouped whenever necessary in order to make them comparable with current year's figures. Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.