REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF WORKERS COMPENSATION FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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AR/PA/WCF2020/21

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

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

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

Motto: "Modernizing External Audit for Stronger Public Confidence"

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

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

We do this by:

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

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ABBREVIATION

AIDS	Acquired Immunodeficiency Syndrome
BRELA	Business Registration and Licensing Agency
CAG	Controller and Auditor General
ECL	Expected Credit Loss
EIR	Effective Interest Rate
ERP	Enterprises Resources Planning
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
HIV	Human Immunodeficiency Virus
IASB	International Accounting Standards Board
IBNR	Incurred But Not Reported
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
ISO	International Organization for Standardization
ISA	International Auditing Standards
ISSAIs	International Standard of Supreme Audit Institutions
NBAA	National Board of Accountants and Auditors
NSSF	National Social Security Fund
OSHA	Occupational Safety and Health Authority
PAC	Public Accounts Committee
PAYE	Pay as You Earn
PMO-LYED	Prime Minister's Office - Labour, Youth, Employment and Persons with Disability
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
WCF	Workers Compensation Fund

WCF CORPORATE INFORMATION

AUDITORS	The Controller and Auditor General National Audit Office 4 Audit Road P.O. Box 950 41104 Tambukareli Dodoma
PRINCIPAL BANKERS	Bank of Tanzania 2 Mirambo Street 11884 Dar es salaam
	CRDB Bank Plc Holland House Branch Samora Avenue/Ohio Street P.O. Box 71960 Dar es Salaam
	NMB Bank Plc Bank House Samora Avenue/Pamba Road P.O. Box 9213 Dar es Salaam
REGISTERED OFFICE OF THE FUND	Plot No. 37, Victoria House Regent Estate, Bagamoyo Road P.O. Box 79655 Dar es Salaam
PARENT MINISTRY	Prime Minister's Office Policy, Parliamentary Affairs, Labour, Youth Employment and Person with Disability Government City, Mtumba P.O. Box 2890 Dodoma
ATTORNEY GENERAL OFFICE	The Office of Attorney General of Tanzania P.O. Box 630 Dodoma

1.0 REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

1.1 INTRODUCTION

The Trustees are pleased to present their report together with the audited financial statements of Workers Compensation Fund (the Fund) for the year ended 30 June 2021 which disclose the state of affairs of the Fund, in accordance with Section 85 of the Workers Compensation Act Cap 263 [R.E 2015].

1.2 ESTABLISHMENT OF THE FUND

Workers Compensation Fund (WCF) is a social security scheme established under the Workers Compensation Act Cap 263 [R.E 2015]. The Fund is responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. In case of death of workers, the Fund is responsible for compensating dependants as per set criteria. The scheme is operated under social security and insurance principles.

All employers and employees in the public and private sectors in Mainland Tanzania are covered and hence are required by Law to contribute to the Fund.

1.3 FUND'S VISION

A Role Model for Workers Compensation Services in Africa.

1.4 FUND'S MISSION

To Mitigate Social and Economic Impact of Occupational injuries to Employees, their Families & Employers through the Provision of Adequate, Equitable and Reliable Compensation Benefits.

1.5 FUND'S CORE VALUES

Core Values	Description
Integrity	We will always be ethical and trustful, maintaining good governance practices and not misrepresenting or withholding information to which our stakeholders are entitled
Teamwork	We believe in teamwork to harness multiple skills and experiences to accomplish key work objectives and promote cooperative behaviour among staff
Accountability	We take responsibility and ownership of all that we do at corporate and individual employee levels and respond appropriately to stakeholder's concerns
Excellence	We create requisite structures, employ appropriate management styles and invest heavily in training and development of our staff to enable them to attain desired levels of professionalism necessary for achieving excellence in their jobs
Empathy	We will treat all our customers with compassion while maintaining high moral standards and professionalism

1.6 OBJECTIVES AND FUNCTIONS OF THE FUND

1.6.1 The Objectives of the Fund

a) Provision of adequate and equitable compensation to employees.
b) Implementation of the National Social Security Policy of 2003 in relation to work-related injuries, diseases and deaths.
c) Implementation of provision of Section 5 of the Workers Compensation Act, Cap 263 [R.E 2015].
d) Provision of a framework for effective, prompt and empathetic consideration, settlement and payment of compensation benefits.
e) Provision of a framework for control and management of contributions and payments.
f) Promotion of prevention of accidents and occupational diseases.

1.6.2 Functions of the Fund

a) Registration of all employers in Mainland Tanzania.
b) Collection of contributions from employers.
c) Investment of surplus funds.
d) Payment of compensation to employees.
e) Assessment of risk exposure at workplaces and tariffs determination.
f) Maintenance of statistics for all occupational accidents, diseases and deaths.
g) Promotion of prevention of occupational accidents, diseases and deaths.
h) Conducting public education and awareness programs.

1.7 BENEFITS OFFERED BY THE FUND

Benefits offered by the Fund are:

1.7.1 Medical aid

This benefit is provided to help an employee who has sustained injuries as a result of occupation accident or disease for the period of 24 months from the date of accident or diagnosis of disease. Medical aid includes ambulance services, medical consultation, surgical consultation, skilled nursing services, payment for medication, remedial treatment if recommended and clinical rehabilitation services.

1.7.2 Compensation for Temporary Disablement

This benefit is provided to help an employee who has sustained injuries as a result of occupation accident or disease for the period of 24 months from the date of accident or diagnosis of disease and who has been either hospitalized, exempted from duties or assigned light duties for the period exceeding three days as prescribed by medical practitioner.

1.7.3 Compensation for Permanent Disablement

This benefit is paid to an employee who has been determined to have permanently lost all or part of the ability to perform his/her duties as a result of an occupation accident or decease. Permanent Disablement benefit is paid in form of lump-sum payment to an employee who has a disability of 30% or less and monthly pension payment to an employee who has a disability of more than 30%.

1.7.4 Funeral Grants

This benefit is paid to the family of the deceased employee who dies as a result of an occupational accident or disease as condolences.

1.7.5 Constant Attendant Care Grant

This benefit is paid to a person of 18 years of age or above, nominated as a caretaker by an employee who is unable to perform essential functions of his/her life without a constant support of another person as a result of injuries sustained from occupational accident or disease. Currently, the caretaker is paid forty percent (40%) of the pension paid to an employee who has a permanent disability.

1.7.6 Compensation to Dependants of the Deceased Employee

This compensation is made to a spouse and children of an employee who dies as a result of occupational accidents or diseases arising out of and in the course of employment. In case there is no spouse or children, other dependants are compensated.

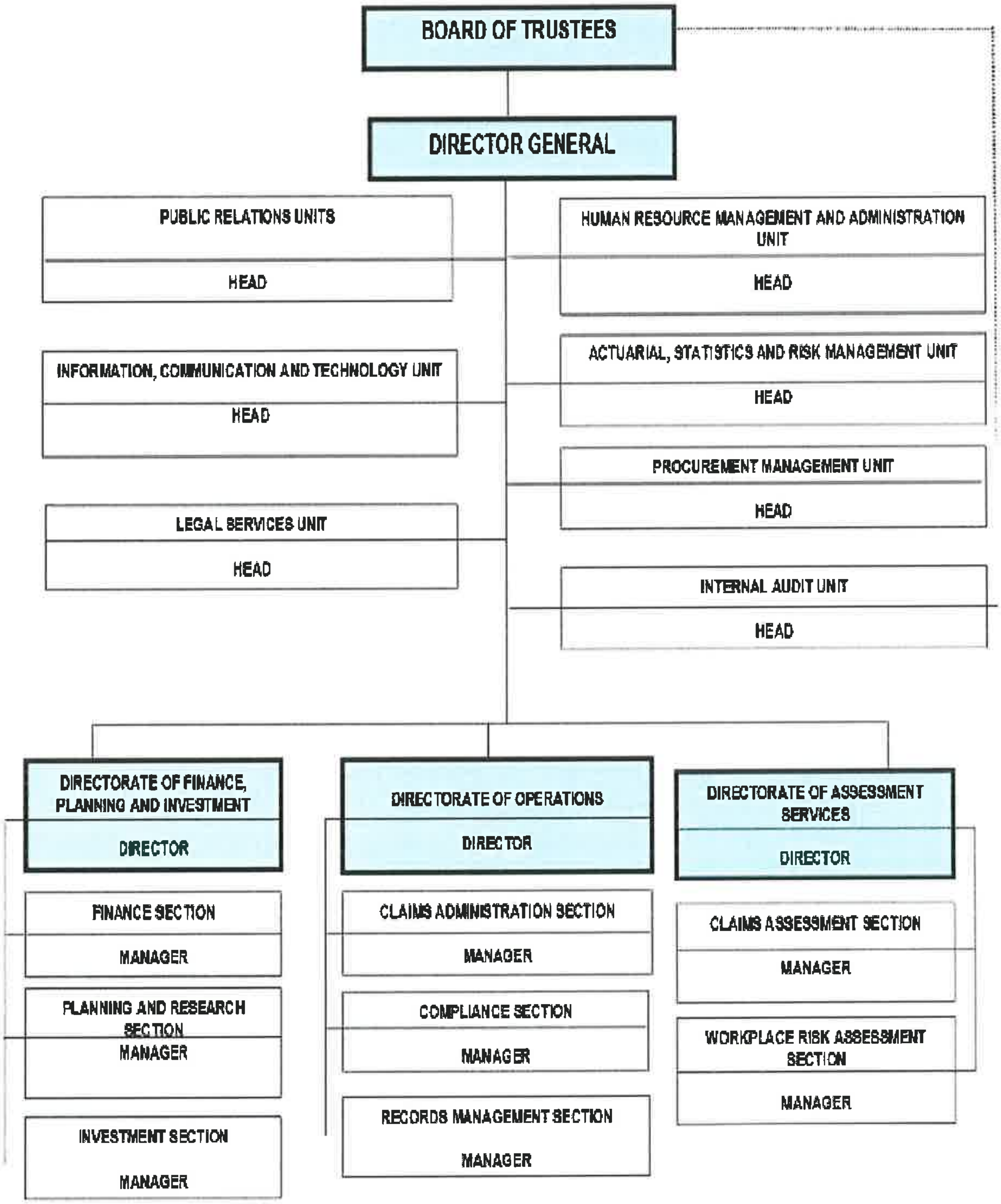
1.7.7 Rehabilitation Services

These are services are provided to employees who sustain injuries as a result of occupational accidents or diseases with the purpose of restoring their health. The services will be provided to employees to assist them recover and return to work or participate in other economic activities that will earn them some amount of income.

1.8 THE ORGANISATION STRUCTURE OF THE FUND

The organization structure of the Fund comprises the Board of Trustees and Management Team. The Board of Trustees is the final decision maker on all matters regarding control and administration of the Fund in line with applicable laws while Management team is responsible for day-to-day operations of the Fund. The Fund organisation structure is presented on the organogram at Figure 1

Figure 1: Organisation Structure



1.9 CORPORATE GOVERNANCE

The Board is committed to the principles of good corporate governance and complies with the legal, regulatory and relevant codes of ethics. The Board is pleased to report that throughout the financial year ended 30 June 2021 and at the date of this report, the Fund applied the principles of, and was compliant with the requirements of, good corporate governance. In compiling this report, the Trustees have referred to the legal and regulatory requirements, code of ethics and conduct for the public service as well as the requirements of best practices in good corporate governance.

Good governance requires professionalism, transparency and accountability. The Fund has put in place internal mechanisms to ensure that this is achieved.

1.9.1 Board of Trustees

The Board is comprised of ten Trustees with diverse skills and knowledge whereby, apart from the Director General, all other Trustees are non-executive. A non-executive Chairman is by law appointed by the President. The other Trustees are appointed by the Minister responsible for Labour and Employment for a tenure of three years renewable. The Trustees who are appointed by the Minister are representatives of the statutory positions mentioned in the Workers Compensation Act, Cap 263 [R.E 2015].

1.9.2 The Role of the Board

a) Control and administer the Fund.
b) Formulate, implement and review policy relating to workers' compensation.
c) Advice the Minister on any matter relating to workers' compensation, any amendments of the laws and regulations relating to workers' compensation.
d) Invest surplus money of the Fund.
e) Provide technical assistance and advisory services for the purpose of promoting workers compensation.
f) Promote occupation safety and health measures in collaboration with OSHA and other relevant authorities.
g) Promote public awareness of the rights and obligations of the employees, dependants and employers
h) Provide accessible and transparent procedures for lodging and investigation of any complaint regarding the conduct of the Fund and its employees.
i) Do all such acts and enter into all such transactions as in the opinion of the Board may be necessary for the proper and efficient administration of the Fund.

1.9.3 Board Composition

During the period under review, the Fund did not have the Board of Trustees. However, from 26 November 2019 to 25 November 2020, the Permanent Secretary, Prime Minister's Officer - Labour, Youth, Employment and Persons with Disabilities [PS, PMO-LYED] discharged the functions of the Board in line with Section 54 of the Interpretation of Laws Act, Cap.1 [R.E 2019] as amended by section 39 of written laws (miscellaneous amendments) (No.6) Act, 2019 which authorises him to do so for one year.

Name	Position	Age	Qualification/Discipline	Nationality
Mr. Andrew W. Masawe	PS, PMO-LYED	59	BSC Mathematics and Statistics	Tanzanian

The Trustees of the Fund at the date of signing of this report who were appointed on 10 September 2021 with an exception of chairman who was appointed on 26 August 2021 are as follows:

Name	Position	Age	Qualification /Discipline	Nationality
Mr. Emanuel B. Humba	Chairman	71	Public Administrator	Tanzanian
Ms. Rifai A. Mkumba	Trustee	60	Human Resources specialist	Tanzanian
Mr. Felix R. Kagisa	Trustee	65	Civil Engineer	Tanzanian
Mr. Onorius J. Njole	Trustee	46	Lawyer	Tanzanian
Mr. Perfect R. Kilenza	Trustee	53	Accountant	Tanzanian
Mr.Ibrahim B. Mahumi	Trustee	46	Public Administrator	Tanzanian
Mr. Abdulaziz A. Shambe	Trustee	44	Coach and Trainer	Tanzanian
Ms. Juliana C.N. Mpanduji	Trustee	57	Teacher	Tanzanian
Ms. Rehema R. Ludanga	Trustee	39	Social Worker	Tanzanian
Mr. Raymond Kaseko	Trustee	37	Public Administrator	Tanzanian
Dr. John K. Mduma	Secretary	51	Economist	Tanzanian

1.9.4 Board Meetings

During the financial period ended 30 June 2021, the Permanent Secretary, Prime Minister's Officer - Labour, Youth, Employment and Persons with Disabilities in line with Section 54 of the Interpretation of Laws Act, Cap.1 [R.E 2019] as amended by section 39 of written laws (miscellaneous amendments) (No.6) Act, 2019 held a total of 11 meetings with the management of the Fund.

1.9.5 Board committees

According to the Board Charter, the Board of Trustees has three Board committees. During the year under review, these committees did not hold any meeting. Board committee of the Fund are as follows:

a) Operations Committee

The Operation Committee is the oversight of operational and staff matters, improvement of service delivery and overseeing reforms in the social security sector and their implication to the operation of the Fund. The Committee reports to Board of Trustees.

b) Finance and Investment Committee

The purpose of the Finance and Investment Committee is to scrutinise, review and provide oversight on all major finance and investment activity of the Fund and provide guidance and recommendations to the Board on these and related matters. The Committee reports to Board of Trustees.

c) Audit and Risk Management Committee

The purpose of the Audit and Risk Management committee is to assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, risk management and the Fund's process for monitoring compliance with laws and regulations. The Audit Committee reports to Board of Trustees.

1.9.6 Committee composition

Details	Operations committee meetings	Finance and Investment committee meetings	Audit and Risk Management committee meetings
Ms. Rifai A. Mkumba	-	Member	-
Mr. Felix R. Kagisa	Member	Member	-
Mr. Onorius J. Njole	Member	-	Member
Mr. Perfect R. Kilenza	-	-	Chair person
Mr.Ibrahim B. Mahumi	Member	Chair person	-
Mr. Abdulaziz A. Shambe	Member	-	Member
Ms. Juliana C.N. Mpanduji	Chair person	-	-
Ms. Rehema R. Ludanga	Member	-	Member
Mr. Raymond Kaseko	-	Membe	Member
Dr. John K. Mduma	Secretary	Secretary	-
Mr. Abraham P. Siyovelwa	-	-	Secretary

1.9.7 Trustee remuneration

All trustees of the Fund are non-executive. Trustee fee is the only form of remuneration for services rendered by the Trustees of the Fund. Payment of Trustees' fees was as follows:

Remuneration	2021	2020
	TZS '000	TZS '000
Trustees fees		
PS, PMO-LYED (1)	4,806	4,811
	4,806	**4,811**

1.9.8 Management Team

Responsibility and authorities for day-to-day management of the Fund is delegated to the Director General within an agreed control framework. The Director General establishes targets for the directorates and units which are then cascaded down throughout the Fund.

1.9.9 Management Structure

The structure of the Fund comprises of the following directorates which are headed by directors who report to the Director General:

(i) Finance, Planning and Investment;
(ii) Operations;
(iii) Assessment Services;

There are seven specified units headed by Head of Units and report directly to the Director General. These are:

(iv) Public Relations Unit;
(v) Information and Communication Technology Unit;

(vi) Legal Services Unit;
(vii) Human Resource Management and Administration Unit;
(viii) Actuarial Services, Statistics and Risk Management Unit;
(ix) Procurement Management Unit;
(x) Internal Audit Unit.

1.9.10 Key Management Personnel

The key management personnel during the year ended 30 June 2021 and up to the date of this report were:

Name	Designation
Dr. John K. Mduma*	Director General
Mr. Anselim K. Peter	Director of Operation
Dr. Abdulsalaam A. Omar	Director of Assessment Services
Mr. Bezil P. Ewala	Director of Finance, Planning and Investment
Mr. Sebastian K. Mwasele*	Ag. Head of Internal Audit Unit
Mr. James A. Tenga	Head of Actuarial Services, Statistics and Risk Management Unit
Mr. Stephen J. Goyayi	Head of Information, Communication and Technology Unit
Mrs. Laura G. Kunenge	Head of Public Relations Unit
Mr. Abraham P. Siyovelwa	Head of Legal Services Unit
Mr. Julius J. Lwenje	Head of Human Resources Management and Administration Unit
Mrs. Veronica B. Saeni	Head of Procurement Management Unit

*Dr. John K. Mduma served as Director General with effect from 29 May 2021. Before his appointment, Mr. Masha J. Mshomba served as Director General until 22 March 2021 when his contract came into an end.

*Mr. Sebastian K. Mwasele served as Acting Head of Internal Audit Unit from 1 March 2021 to 31 August 2021 after the death of Mr. Shadrack O. Aiko served as Head of Internal Audit Unit from 5 June 2020 to 24 August 2020.

1.10 RISK MANAGEMENT AND INTERNAL CONTROL

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

- The effectiveness and efficiency of operations.
- The safeguarding of the Fund's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business continuity under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

1.10.1 Risk management policy and strategy

The Fund has progressed in implementing a formalised and systematic risk management process in order to provide reasonable assurance that set strategies and objectives are achieved. This was driven and achieved through strengthening and enhancement of the following:

a) Risk management enablers

During the year under review, the Fund continued to build on its Risk Management capabilities through the review and updating of the risk management policy, strategy and methodology. The Fund adopted ISO 31000 in preparing risk management framework which is in line with the "Guidelines for Developing and Implementing Institutional Risk Management Framework in Public Sector in Tanzania" and other best practice frameworks such as the King Code on Corporate Governance for South Africa 2009 (King III). This is to ensure that the Fund's operations remain relevant; of best practice as well as flexible for any possible changes in the operating environment, and prescripts. The policy, framework and plan were approved by the Board.

b) Risk management

Management is accountable for designing, implementing and monitoring the risk management processes and their integration to the day-to-day operations.

The most important category of risks and their management includes:

(i) Regulatory Risk Management

Regulatory risk is the risk that the rules or mandate under which the Board operates may be changed by the legislative action or a decision of the Regulator, or the Government. Management manages regulatory risk by participating in consultative meetings aimed at ensuring that the rules under which the Board operates comply with the regulations.

(ii) Solvency Risk Management

The Fund is responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. Benefits are guaranteed irrespective of returns from investments and contributions collected. The Fund thus assumes funding risk in case the Fund's assets are inadequate to cover the promised benefits. The Fund engages actuarial consultants to determine the present value of promised benefits to members, after every three years. In case of under-funding, different options are sought to address the funding including revising contribution rates (tariffs) depending on risk assessment of workplaces and other relevant factors.

(iii)Credit Risk Management

Credit risk is the risk that the counterpart to any financial transaction may not be able to fulfil its obligation on due date. The Fund's principal financial assets are bank placements, treasury bonds, corporate bonds, collective investments and contributions receivables. To minimize credit risk, the Fund adheres to set limits on different categories of investments; the Fund has also set exposure limits for each bank where it makes placements of funds.

(iv) Liquidity Risk Management

Liquidity risk is the risk of failing to meet obligations when they fall due. The Fund manage liquidity risk by maintaining a pool of short-term placements with banks which is adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenses. The sources of funds include monthly contributions from its contributing employers. Other sources are investment income and other income.

(v) Market Risk Management

Market risk is the risk of changes in value of net assets of the Fund as a result of adverse price movement for investments and financial assets and liabilities held by the Fund. All the interest bearing financial instruments are at fixed rate and hence no exposure on the move in interest rates. The Fund has small portion of its fixed deposits denominated in forex and hence there is no significant risk caused by forex changes.

(vi) Reputational Risk Management

Reputation risk is the risk that the Board will not conform to good corporate governance principles such as transparency, accountability and the observance of the tenets of good management that may result in negative public perception and loss of credibility. Management will manage reputation risk by providing adequate and timely compensation benefits, publishing statutory annual reports including the Board's operations, financial statements and actuarial valuation reports adherence to set regulations that the Fund needs to abide by. Management will seek to regularly hold stakeholders' public awareness programs aimed at mitigating the impact of negative public perception.

1.11 OVERVIEW OF THE FUND'S PERFORMANCE

1.11.1 Registration of Employers

During the year ended 30 June 2021, the Fund registered 2,289 employers in Mainland Tanzania (2020: 2,694), making the total registered members to be 25,085 as at 30 June 2021. Fund's awareness and education programs, conducting payroll inspection, and taking legal action against non-compliant employers, attributed this achievement.

1.11.2 Benefit Payments

During the year under review, a total of TZS 13.19 billion (2020: TZS 9.09 billion) was incurred to cover for compensation payments for occupational injuries and deaths to employees. This was attributed by the increase of awareness among beneficiaries and employers regarding claim procedures and the improvement in Fund's efficiency in claims processing.

1.11.3 Contributions

During the year under review, the Fund recorded contributions amounting to TZS 106.93 billion (2020: TZS 106.44 billion) from both private and public sectors employers. The contribution rates were 0.50% for public sector and 1.00% for private sectors, respectively based on monthly wage bill.

1.11.4 Investment Income

The Fund managed to invest the amounts, which were the excess of all collections after deducting benefit as well as administrative expenses. During the year under review TZS 69.86 billion (2020: TZS 42.34 billion) revenue was generated from investments. This was a result of the Fund's ability to monitor market performance and make the right investment decisions.

1.11.5 Administrative Expenses

Administrative expenses during the year amounted to TZS 23.56 billion (2020: TZS 20.28 billion). The main expenses were staff cost, Compliance and registration, advertising and promotion, stakeholders education and public awareness and rent. The increase in administrative expenses was due to the increase in the volume of Fund's activities and the higher average market prices for the goods and services.

1.11.6 Promoting Prevention of Occupational Accident and Diseases

During the year under review, the Fund conducted a review of workplace risk assessment reports for 65 high-risk registered employers. In addition, a total of 330 Occupational Safety and Health (OSH) audits were conducted to the identified high-risk workplaces. The Fund also engaged in various programs intended to promote occupational safety and health at workplaces.

1.11.7 Educational and Awareness Campaigns

During the year under review, the Fund was able to prepare and publish several adverts to public through various media channels using blogs, mass media, TV and radio stations. The programs mainly focused on sensitising employers concerning registration, compliance and contribution remittance to the Fund.

1.11.8 Strengthening ICT System and Infrastructure

During the year under review, the automation of the Fund's business processes increased to 85.4%. This level of automation was attributed by installation and operationalization of Enterprise Resource Planning (ERP) and MAC enhancement. Most of Human Resources Management and Administration, Procurement, Finance and Claims Administration and Assessment activities are now automated.

1.11.9 Recruitment of Staff and Training Matters

During the year under review, the Fund managed to recruit 15 new staff (2020; 11). This made the total number of staff to be 133, of which male were 76 and female were 57. Equally important, for enhancing performance, capabilities and eventually service delivery the Fund trained its staff on various subjects including good governance, fraud and forensic accounting, fundamental of social security, health insurance, ISSA and other Regulatory Guidelines, industrial first aid, Enterprise Risk Management and ICT security.

1.11.10 Financial Performance

During the year under review, the Net Assets of the Fund increased to TZS 445.33 billion (2020; TZS 333.46 billion). This was attributed to an increase in investment income as a result of prudent investment decisions.

1.12 FUNDING POLICY

All employers are statutorily required to contribute to the Fund on behalf of their employees. Contributions are part of employers' cost and should not be deducted from salaries of employees. Contribution rates (tariffs) are determined periodically by the Fund depending on risk assessment of workplaces and other relevant factors. In the financial year 2020/21, contribution rates for each employer were as follows:

a) 1.00% of employees' earnings (wage bill) for each employer in the private sector;
b) 0.50% of employees' earnings (wage bill) for each employer in the public sector

For the Fund's purposes, monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. Public sector employers include employers in the central government, local government, parastatals, executive agencies and all government-related institutions. Private sector employers are all those which are not part of public sector employers.

1.13 ADMINISTRATIVE EFFICIENCY

All payments to staff, claims beneficiaries and suppliers were effected on time as per their due dates. Statutory payments such as PAYE, pension contributions, Workers compensation contributions and other statutory deductions effected from staff salaries were made promptly to the relevant authorities. The Fund has continued with its plan to open regional offices and ensure they operate efficiently to bring services closer to employers. All properties of the Fund have requisite certificates of ownership. No loss of assets was sustained during the period under review.

1.14 CHALLENGES FOR THE YEAR ENDED

1.14.1 Inadequate utilization of ICT systems by employers

1.14.2 For the year under review, despite the Fund deploying WCF portal which helps employers to register and pay contributions to the Fund without physically visiting Fund's offices, there are some employers who are not utilizing the facility for lack of knowledge and facilities. The Fund will continue to raise awareness to employers on the usage of the system.

1.14.3 Inadequate knowledge about the Fund, its functions and its benefits

There is failure by some employers to comply with the Workers Compensation Act in terms of registering with the Fund and remitting contributions. The Fund will intensify its marketing and educational campaigns to educate employees, employers and service providers about the existence of the Fund, its objectives and benefits to individual employees and the country at large.

1.14.4 Low performance of real estate and equity investment in the market

The Fund encounters challenges in investing in equity and real estate investments due to low performance of the sectors in the market as interest rates and share prices have been decreasing.

1.14.5 Inadequate knowledge as to the right for compensation

Most employees and employers are not aware of compensation benefits rights, which are due to them when they get injuries or contract occupational diseases. The Fund continues to sensitize the public to increase awareness amongst workers with regard to compensation from work-related injuries and diseases.

1.14.6 Non-disclosure of occupational incidents by employers

There are a number of employers who are not reporting occupational incidents to the Fund out of fear that they will be penalized or prosecuted. This results to employees losing their rights of compensation. The Fund will continue to raise awareness to employers of their statutory obligation to report to the Fund all occupational incidents.

1.15 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprised the Trustees and key management personnel. The Minister responsible for Finance through Treasury Registrar determines Trustees' remuneration, and the Board of Trustees determines key management remuneration. The details of transactions and balances with related parties have been disclosed in Note 39 to the financial statements.

1.16 POLITICAL AND CHARITABLE DONATIONS

The Fund did not make any political donations during the year. Donations made to charitable organizations during the period amounted to TZS 296.76 million (2020: TZS 213.39 million).

1.17 ENVIRONMENT CONTROL PROGRAMME

In supporting the conservation and environmental protection efforts, the Fund ensures that, the activities it undertakes, and finances are those that comply with the statutory environmental impact assessment requirements.

1.18 EMPLOYEE WALFARE

1.18.1 Employment

The Fund is committed to employment policies, which follow best practices, based on equal opportunity for all employees irrespective of gender, race, religion, disability, age or marital status. The Fund recognizes the need for ensuring fair employment practices in recruitment and selection, and the retention, training and career development of staff.

The human capital comprised of competent staff in various operational areas. This provides the assurance to the Fund for attainment of its key strategic goals. Hiring and staffing decisions include assurance that individuals have the integrity, competence and the proper education and experience to carry out their jobs and that the necessary formal, on-the-job, training is provided.

1.18.2 Management/Employees relationship

The relationship between employees and management continued to be good during the year. Management has put in place procedures that resolve complaints from employees. A healthy relationship continues to exist between management and the staff.

1.18.3 Training

During the year under review, the Fund trained its staff in various aspects in order to improve employee's technical skills and enhance effectiveness. Training programs have been and are continually undertaken to ensure employees are adequately trained at all levels.

1.18.4 Medical assistance

The Fund meets medical cost for all members of staff with a maximum number of five beneficiaries under National Health Insurance scheme.

1.18.5 HIV/AIDS

The Fund focuses on creating awareness on HIV/AIDS among staff members by providing them with update information on HIV/AIDS with emphasis on the preventive strategies and education against the pandemic. The Fund encourages employees to undertake voluntary counselling and testing.

1.18.6 Employees benefit plan

The Fund pays contributions to mandatory Pensions Fund in respect of employees' retirement benefits. Currently, the Fund pays pension contributions to the Public Service Social Security Fund. The Fund also contributes to Workers Compensation Fund to cover its employees in case of occupational injuries or if they contract occupational diseases.

1.18.7 Equal Opportunity

The Fund is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 30 June 2021 the Fund had 133 employees, out of which 57 (43%) were females and 76 (57%) were males (2020: 114 employees, out of which 45 (40%) were females and 69(60%) were males).

1.19 ENVIRONMENTAL ISSUES

The Fund monitors the impact of its operations on the environment, which is mainly with power, water and the generation of waste. The Fund minimises the impact through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

1.20 FIDUCIARY RESPONSIBILITY

Members of the Board of Trustees as stewards of public trust always acts for the good of the Fund rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Fund without placing the Fund under unnecessary risks.

1.21 MAJOR ACHIEVEMENTS DURING THE YEAR

During the year under review, the Fund managed to accomplish its objectives as provided in the action plan approved by the Board of Trustees. Some of the major achievements are as highlighted below:

1.21.1 Increase in Benefit Payments

The Fund, during the period under review made significant improvement in the payment of compensation benefits were a total of TZS 13.19 billion (2020: TZS 9.09 billion) was paid to various beneficiaries. This is a tremendous step in reducing poverty to employees who suffered occupational injuries and lose the ability to earn income.

1.21.2 Enhancement of Service Delivery

During the period under review, the Fund have made significant improvement in its service delivery systems through the usage of technology, opening of regional offices, expanding the network of medical aid outlets by contract health service providers and health care providers and train medical practitioners on diagnosis of occupational diseases and impairment assessment.

1.21.3 Promotion of Occupational Safety and Health in workplaces

The Fund, during the period under review, continued to promote occupational safety and health on workplace. In order to reduce the number of occupational accidents, the Fund is working with OSHA and the Traffic Department of the Police Force. Further, the Fund continued to raise awareness to employers on occupational safety and health. All these initiatives have increased the level of compliance of employers with respect to prevention of occupational accidents and diseases.

1.21.4 Increase in employers' registration

During the period under review the Fund made significant improvement of employers' database. The total number of employers recorded in the database reached 25,085 employers. This was achieved by sharing information with other institutions such as TRA, BRELA and NSSF.

1.21.5 Investment in the strategical industrial projects

The Fund had identified two strategic industrial projects for investment which includes the rehabilitation of Mponde Tea Factory in Lushoto Tanga and the construction of a factory for producing medical products using cotton materials to be constructed at Simiyu Region. The Government provided a permit for investment in Mponde Tea Factory to proceed and so far implementation of the investment has started. The permit to invest in Simiyu Medical products factory is yet to be given. Implementation of these projects are in line with the government vision 2025 to build a middle-income country through industrialization.

1.22 EVENTS AFTER REPORTING YEAR

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

1.23 SOLVENCY AND ACTUARIAL VALUATION

The Board of Trustees confirms that International Financial Reporting standards have been adhered in the preparation of financial statements and that the financial statements have been prepared on a going concern basis. The Board of Trustees has reasonable expectation that the Fund has adequate resources to continue in operation existence for the foreseeable future.

The Fund contracted the International Labour Organisation (ILO) to conduct an actuarial valuation of the Fund as at 30 June 2018. The table below summarises the ILO's report on the actuarial financial position of the Fund:

	TZS Million
Accrued liabilities	
Value of accrued Benefits liabilities of incidents that have occurred as at 30 June 2018	10,813
Assets	
Assets of the Fund as at 30 June 2018	217,783
Actuarial Reserve	
Excess of asset over accrued benefits liabilities as at 30 June 2018	206,970

The next actuarial valuation is due after the financial year ended 30 June 2021.

ACTUARY OPINION

Actuary's opinion is as follows:

a) Globally, the data collection process at the Workers Compensation Fund is appropriate and reliable. However, the scheme is new, so limited experience has emerged. Hence, appropriate methods were used to fill the gaps in data (e.g. smoothing techniques and usage of proxy data).
b) The assumptions used for the report are reasonable and appropriate both in the aggregate and individually, even if they do rely on limited data of the experience of scheme. It is expected that the assumptions will be based on more robust data in future actuarial valuations as more experience will emerge from the scheme;
c) The methodology employed is appropriate and consistent with accepted actuarial practice; and
d) WCF is financially sustainable over the projection period if the current contribution rates are maintained or the recommended changes are applied.

The report and the opinions given have been prepared in accordance with the accepted actuarial practice as provided by the International Standards of Actuarial Practice 2: Financial Analysis of Social Security Programs of the International Actuarial Association to the extent they are applicable to employment injury protection schemes.

1.24 STATEMENT OF COMPLIANCE

The Trustees' report has been prepared in compliance with Tanzania Financial Reporting Standard No. 1 (Directors' Report) and constitutes an integral part of the financial statements.

1.25 AUDITORS

Controller and Auditor General is the statutory auditor of the Fund by virtue of article 143 of the constitution of the United Republic of Tanzania, 1977 (as amended from time to time) and amplified in Public Audit Act, Cap 418 [R.E 2021].

BY ORDER OF THE BOARD

Chairman of the Board of Trustees
Date: 26th January 2022

2.0 STATEMENT OF THE BOARD OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2021

The Workers Compensation Act Cap 263 [R.E 2015] requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of the operating results of the Fund for the year. The Trustees are also obliged to ensure that the Fund keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund.

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of Workers Compensation Act Cap 263 [R.E 2015] and for such internal controls as Trustees determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Trustees accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Workers Compensation Act, Cap. 263 [R.E 2015]. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for at least twelve months from the date of this statement.

BY THE ORDER OF THE BOARD

Chairman of the Board of Trustees
Date: 26th January 2022

3.0 DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2021

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act, 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/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

I, Bezil P. Ewala, being the Director of Finance, Planning and Investment for Workers Compensation Fund (the Fund) hereby acknowledge my responsibility of ensuring that financial statements of the Fund for the year ended 30 June 2021 have been prepared in compliance with the International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Workers Compensation Fund as of that date and that they have been prepared based on properly maintained financial records.

Signed by: ....
CPA Bezil Protas Ewala
Position: Director Responsible for Finance
NBAA Membership No: ACPA 1512
Date: 26th January 2022

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board of Trustees,
Workers Compensation Fund,
Plot No. 37, GEPF House
Regent Estate, Bagamoyo Road
P.O. Box 79655,
Dar es Salaam, Tanzania.

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Workers Compensation Fund which comprise the Statement of Financial Position as at 30 June 2021, and the Statement of comprehensive income, Statement of changes in fund and statement of cash flows 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 Workers Compensation Fund as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the audit of the financial statements. I am independent of the Workers Compensation Fund 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 Board of Trustee's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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 IFRS 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 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2026) 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.

REPORT ON COMPLIANCE WITH LEGISLATIONS

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 Workers Compensation Fund for the financial year ended 30 June 2021 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Workers Compensation Fund is generally in compliance with the requirements of the Public Procurement Laws.

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

January, 2022

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	30 June 2021 TZS '000	30 June 2020 TZS '000
ASSETS			
Investments			
Fixed deposits	9	14,742,636	14,761,606
Treasury bonds	10	343,797,370	263,996,818
Corporate bonds	11	3,582,573	2,873,499
Collective investment scheme	12	44,951,196	15,992,899
Unlisted equity shares	13	3,519,230	3,519,230
Listed equity shares	14	18,389,410	20,299,998
Investment receivables	15	598,056	75,188
Investment property	16	192,000	2,622
Total Investments		**429,772,471**	**321,521,860**
Other Assets			
Income tax receivable	17	2,594,521	1,879,308
Property and equipment	18	2,987,549	3,565,177
Intangible assets	19	2,375,650	2,663,195
Right to Use Assets (Leases)	20	559,732	1,479,060
Contributions receivable	21	6,373,070	7,799,952
Prepayments	22	639,968	410,390
Other receivables	23	363,781	363,323
Staff Loans	24	5,961,457	4,845,013
Cash and Bank balances	25	3,555,647	4,237,641
Deferred tax assets	26B	8,466,538	3,691,176
Inventory	27	80,230	46,309
Total Other Assets		**33,958,143**	**30,980,544**
TOTAL ASSETS		**463,730,614**	**352,502,404**
LIABILITIES			
Deferred tax liability	26A	-	502,769
Lease Liability	20	584,910	1,459,597
Other payables and accrued expenses	28	14,362,487	14,831,190
Claims Provision	29	3,449,598	2,249,215
Total Liabilities		**18,396,995**	**19,042,771**
NET ASSETS		**445,333,619**	**333,459,633**
ACCUMULATED FUNDS			
Beginning balance		333,459,633	267,945,057
Comprehensive income for the year		111,873,986	65,514,576
TOTAL ACCUMULATED FUNDS		**445,333,619**	**333,459,633**

The financial statements were authorized and approved for issue by the Board of Trustees for issue on 26th January 2022 and signed on its behalf by:

Dr. John K. Mduma
Director General

Mr. Emanuel B. Humba
Chairman of the Board of Trustees

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/21 TZS '000	2019/20 TZS '000
Revenue			
Contribution income	30	106,933,886	106,444,069
Investment income	31	69,857,205	42,337,788
Other income	32	103,025	445,589
Total revenue		**176,894,116**	**149,227,446**
Expenses			
Benefits	33	(13,193,146)	(9,094,826)
Impairment of financial assets	34	(17,117,213)	(47,945,542)
Investment management expenses	45	(242,466)	(156,426)
Finance Costs	35	(86,072)	(77,240)
Administrative expenses	36	(23,555,086)	(20,278,029)
Contribution to Government	46	(1,000,000)	(500,000)
Total expenses		**(55,193,983)**	**(78,052,063)**
Surplus before income tax		**121,700,133**	**71,175,383**
Income tax expense	37	(9,826,147)	(5,660,807)
Surplus for the year		**111,873,986**	**65,514,576**
Total Comprehensive Income for the year		**111,873,986**	**65,514,576**

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2021

Accumulated funds	**Note**	**2020/21 TZS '000**	**2019/20 TZS '000**
At start of the year		333,459,633	278,137,238
Prior year adjustment	38	-	(10,192,181)
Restated balance at start of the year		333,459,633	267,945,057
Surplus for the year		111,873,986	65,514,576
At end of the year		445,333,619	333,459,633

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/21	2019/20
		TZS'000	TZS'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	44	91,263,826	90,841,287
Other income received	44	103,025	245,817
Contribution to the Government		(1,000,000)	(500,000)
Benefit Paid	44	(10,696,906)	(7,426,451)
Tax Paid	44	(15,819,491)	(9,525,550)
Payments for administrative expenses	44	(21,659,223)	(15,878,179)
Net cash generated from operating activities		**42,191,231**	**57,756,924**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	18	(604,143)	(2,100,172)
Purchase of intangible assets	19	-	(2,725,090)
Proceeds from investment income	44	59,556,364	34,391,948
Investment in Treasury bonds	44	(70,122,602)	(58,526,421)
Investment in Collective scheme	44	(26,847,791)	(15,600,000)
Investment in Fixed deposits	44	671	(12,300,000)
Investment in Industrial Projects	44	(432,091)	-
Investment in Corporate bonds	44	(700,000)	-
Investment in Loans	44	(1,132,425)	(984,470)
Net cash flow in investing activities		**(40,282,017)**	**(57,844,205)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flow (in) from lease and other liability	44	(2,587,270)	9,300,961
Net cash (in) flow from financing activities		**(2,587,270)**	**9,300,961**
(Decrease) / Increase in cash and cash equivalents		**(678,056)**	**9,213,680**
Cash and cash equivalents at start of the year		**4,318,742**	**(4,894,938)**
Cash and cash equivalents at end of the year (include IFRS 9 allowance)	25	**3,640,686**	**4,318,742**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Workers Compensation Fund (WCF) is a social security scheme established under the Workers Compensation Act Cap 263 [R.E 2015]. The Fund was established on 1 March 2015 and started its operation on 1 July 2015. It is head quartered in Plot No. 37, Victoria House situated along New Bagamoyo Road, in Dar es Salaam.

The following description of the Fund is a summary only. For detailed and complete information about the Fund, reference should be made to the Trustees Report, which is an integral part of these financial statements and the Workers Compensation Act, which can be accessed at www.wcf.go.tz

2. COMPARATIVE PERIOD AND FIGURES

Where necessary, certain comparative figures have been reclassified to conform to the presentational requirements in the current year.

3. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies will consistently be applied to the year presented, unless otherwise stated.

3.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the financial statements are disclosed in Note 4.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise in the respective standards.

3.2 Presentation currency

The financial statements are presented in Tanzanian Shillings (TZS), which is the functional currency of the Fund, rounded to the nearest thousand.

3.3 Accrual for contributions where assessments not raised

Where assessments for contributions for a given month have not been raised, the Fund makes an estimate by the assessment's revenue due from employers. The estimate is based on the most recent assessment recognised in the previous months.

Employers who have not made any contribution to the Fund are not included in the estimate.

3.4 Revenue recognition

Revenue is recognised in the statement of financial performance on the accrual basis of accounting, at fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is made.

a) Contributions

Employees' contributions are remitted by employers and are accounted for in the year in which they fall due. The contributions are accounted for on accrual basis.

b) Investment income

Investment income comprises interest income on funds invested, capital gain, increase in fair value of investments and dividend income. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend is recognised when the Fund's right to receive the payment is established.

c) Other income

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. Other income out of the scope of IFRS 15 is recognised in the period in which it is earned.

3.5 Expenses

These are losses and other expenses that arise in the course of Fund's ordinary activities. They include benefit costs, investment management expenses, finance costs and administrative expenses. Generally, expenses are recognised in the Statement of Comprehensive Income when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

a) Benefit cost

Benefit cost comprise the total estimated cost of claims that have occurred in the year and for which the Fund is responsible, whether or not reported by the end of the year. Claims and loss adjustment expenses are charged to surplus or deficit as incurred, based on the estimated liability for compensation. The Fund does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are calculated based on an estimated average cost per claim for each underwriting year. The incurred but not reported claims ("IBNR") are based on estimated unreported claims as calculated by the actuaries. The average cost per claim is based on the actual claims paid and awards made, estimated outstanding costs (based on the latest and most reliable information available) and the number of claims register.

b) Administrative expenses

This includes expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognised immediately in the income statement in the accounting period that the cost has been incurred. These include maintenance, transport and travelling, conference and seminars, water and electricity, fees, rates and security expenses, telecommunication and postage, board expenses, audit fees, budget and annual accounts preparation, loss on disposal of property and equipment, donation, legal and investigation expenses. In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognised in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

c) Finance Costs

The Fund finance costs includes bank charges and lease interest expense. Lease expenses arise as per the requirement of IFRS 16 to present the right of use assets and liability as line items in the notes of the financial statements. These costs are recognized as a result of a decrease in future economic benefits related to decrease in an asset or an increase of a liability and when they can be measured reliably.

3.6 Provision for Outstanding Claims

Liabilities for unpaid claims are calculated based on a trend of annual claim payments. The trend is achieved by grouping claims paid in each of the previous financial years according to the year of the accident or diagnosis of the disease and the number of years until a payment is made. The Fund makes an allowance for short-term factors and future claims inflations to project the likely incidence of future claim payments. Furthermore, a 'tail factor' is applied to the results to reflect the fact that the claims data contains claim payments in respect of accidents that occurred ten or more years ago. The average cost per claim is based on the actual claims paid and awards made, estimated outstanding costs (based on the latest and most reliable information available) and the number of claims registered.

3.7 Investment Property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property of the Fund comprises leasehold land. Investment property is initially measured at cost and includes all transaction costs. Subsequent to initial recognition, investment properties are measured at fair value and changes in fair value is recognised in profit or loss.

Transfers are made to or from investment property when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Fund accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.8 Property and Equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to surplus or deficit during the year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of asset to their residual values over their estimated useful lives, as follows:

Asset Category	Percentage
Buildings	2%
Furniture fixture and fittings	20%
Office equipment	20%
Computer hardware	20%
Motor vehicles	20%

The estimated assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus/deficit.

3.9 Intangible assets

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the Statement of financial performance in the expense category consistent with the function of the intangible assets.

The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. These costs are amortised over their useful lives. The annual rate used is 10% per annum.

3.10 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of not more than three months.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balance. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.11 Employees' Benefits

Employees' benefits include short-term benefits (for example, wages and salaries, annual leave), post-employment benefits such as retirement benefits and termination benefits.

a) Employees Contribution Plan

The Fund contributes to Public Service Social Security Fund for its employees on a mandatory basis. The Fund does not have any legal or constructive obligation to pay further contribution to the defined benefit plans or any of the mandatory plans if the plans do not hold sufficient assets to pay benefits relating to employee service in the current and prior year. The contributions are recognised as employee benefit expense when they are due.

b) Terminal Benefits

Terminal benefits are payable when employment is terminated by the Fund before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Fund recognizes terminal benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting year are discounted to their present value.

c) **Short-term Employees' Benefits**

Short-term employees' benefit obligations such as wages, salaries and other allowances are recognised in the year in which the benefit is earned by the employee and are measured on an undiscounted basis and are expensed as the related service is provided.

3.12 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued as at the end of the reporting year.

3.13 Taxation

Current income tax

Income tax expense is the aggregate of the charge to comprehensive income in respect to current and deferred income tax. Current income tax is the amount of tax payable on the taxable surplus for the year determined in accordance with the Tanzanian Income Tax Act, 2004. Tax is recognised in comprehensive income except to the extent that is relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income of directly in equity respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year.

The Trustees periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences incurred by Fund.

Deferred tax assets are recognised only to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, and the carry forward o unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.14 Financial instruments

The Fund has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The adoption of IFRS 9 resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Date of Recognition

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is the date that the Fund commits to purchase or sell the asset.

Initial recognition of financial instruments

All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue.

a) Financial assets

Classification of financial assets

IFRS 9 *'Financial Instruments'* divides all financial assets that are currently in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI).

At initial recognition, the financial asset is classified based on Fund's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

i. Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if both of the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial Assets at Fair Value Through Other Comprehensive Income

The financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

iii. Financial Assets at Fair Value Through Profit or Loss

The financial assets are classified and measured at fair value through profit or loss if they are not held in one of the two business models mentioned in part (i) and (ii).

Impairment of Financial assets

The impairment of financial assets is based on expected credit losses and the Fund uses the simplified approach and external ratings in determining the impairment of financial assets. A loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

The impairment model in IFRS 9 is based on the premise of providing for expected losses. With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

The Standard considers credit risk low if there is a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Standard suggests that 'investment grade' rating might be an indicator for a low credit risk.

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The Fund has adopted approach that is consistent with IFRS 9 requirement to assess whether credit risk has increased significantly (provided that an approach can be consistent with the requirements even if it does not include an explicit probability of default occurring as an input. The application guidance provides a list of factors that may assist an entity in making the assessment. Also, whilst in principle the assessment of whether a loss allowance should be based on lifetime expected credit losses is to be made on an individual basis, some factors or indicators might not be available at an instrument level. In this case, the Fund performed the assessment on appropriate groups or portions of a portfolio of financial instruments.

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that was determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, the Fund has considered reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses.

For applying the model to a loan commitment, the Fund considered the risk of a default occurring under the loan advanced.

In particular, for lifetime expected losses, the Fund estimated the risk of a default occurring on the financial instrument during its expected life. 12-month expected credit losses represent the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

The Fund has incorporated reasonable and supportable information (i.e., that which was reasonably available at the reporting date). Information is reasonably available if obtaining it does not involve undue cost or effort (with information available for financial reporting purposes qualifying as such.

In establishing its Impairment Model for financial assets, the Fund based on the following key assumptions, which are consistent with IFRS 9 requirements:

i. Collateral value is assumed to be the cash recovery rate as determined by external rating agent in most cases Moody ratings.

ii. For investment in Government securities, Effective interest rate (EIR) is assumed to be the nominal/coupon interest rate on the respective financial asset or Bank of Tanzania discounting rate whenever interest rate is unavailable.

iii. Financial assets categorized as low risk are marked as Stage 1. They consist of all favourable ratings ranging from AAA to B- at initial recognition. On these instruments, only 12 months Expected Credit Loss (ECL) is computed. For the case of loans and advances, ECL model is built on the assumption that loans with number of days past due between 0 - 30 days are placed in Stage 1 and 12 month Expected Credit Loss (ECL) is computed.

iv. Financial assets marked as Stage 2 are characterized as there is a significant increase in credit risk, a lifetime ECL is calculated on it. For the case of external ratings, Stage 2 comprises of all ratings from ratings at initial recognition that has degraded 3 notches from the rating at initial recognition (e.g. rating from AAA to AA+). For the case of loans and advances, ECL model is built on the assumption that loans with number of days past due between 31 - 90 are places in Stage 2 and life time Expected Credit Loss (ECL) is computed. Any breach of these specified limits triggers a migration between stages of IFRS 9, could be upward migration or downward migration.

v. Loans and other financial assets classified under 90+ days are assumed to be in Stage 3 and lifetime ECL is calculated on it and classified as loss. For the case of external ratings, Stage 3 is comprised with all ratings definition that has migrated from CCC+ to CC.

vi. Loss given default (LGD) is taken as 100% minus recovery rate established by the rating agent. The management believe the recovery rates established by rating agencies are unbiased and probabilistic weighted averages. If present value (PV) of forced sale value (FSV) is enough to cover the exposure at default (EAD), then LGD is taken to be NIL.

vii. Probability of default (PD) rates unless for the case of external ratings, are usually based on both the historical trend analysis and macro-economic variables. The historical analysis is required to be conducted for five years based on loan past due days of individual customer and macro-economic variables, but considering the situation at hand and unavailable historical information, the ECL model used external credit ratings scores for each counterparty except for instruments measured using simplified approach e.g. contribution receivables.

Probability of default (PD)

In estimating the PD rates (in percentages), unless for the case of external ratings, the model used both quantitative and qualitative indicators. Further the same approach is used in analysing the significant increases in credit risks of each financial instrument. The analysis of PD rates was supposed to involve historical data for at least five to 10 years from 2013 to meet the requirement of Bank of Tanzania as stipulated in the IFRS 9 implementation guidance for instruments with significant financing component. However, WCF operations and its financial instruments do not have significant financing component, therefore, probability of defaults has been computed using external ratings and simplified approach as recommended in paragraph 5.5.15 of IFRS 9.

PD parameter is normally calculated for each non-defaulted risk group within given risk portfolio. For each risk portfolio separate migration matrix is constructed. The method of PD parameter estimation was supposed to be based on the migrations of outstanding balance within different risk groups over time. However, in the PD model, since WCF does not have default history on its financial instruments, it applied already computed PD rates for each counterparty as computed by ratings agencies.

Therefore, probability of default for instruments that do not have default status e.g. placements with other banks, cash balances, investment in fixed deposits, Bonds and etc. has been developed using credit ratings from external rating agencies like Standard & Poor's (S&P), Moody's, Fitch Group, etc. Since WCF had not conducted risk assessment for its counterparties and establish risk grade for each, to arrive at risk weighted probability of default it has used risk grades from Moods ratings.

The assumed credit ratings for each counterparty or financial assets category is given here under:

S/N	Financial asset type	Assumed risk grade
1	Bank Balances	Bank rate as per Moody ratings
2	Placement with other banks	Bank rate as per Moody ratings
3	Investment in corporate bonds	Government rate as per Moody ratings for government entities
4	Staff loans and advances	Government rate as per Moody ratings
5	Contribution receivables	This has been impaired using IFRS 9 simplified approach, impairment losses have been measured as lifetime expected credit losses. IFRS 9 permits using a few practical expedients and one of them is a provision matrix. Using provisional matrix, impairment loss is calculated based on the default rate percentage applied to the group of financial assets (i.e. Contribution receivables). To arrive at default rate, the ECL Model followed the following steps: **Step 1:** Analysis of the collection of contribution receivables by the time buckets **Step 2:** Calculation of the historical loss rates **Step 3:** Incorporate forward-looking information **Step 4:** Application of the loss rates to the current contribution receivables portfolio

The scores are based on several weighted parameters which indicate the creditworthiness of a counterparty.

Derecognition of financial assets

The basic premise for the derecognition model in IFRS 9 (carried over from IAS 39) is to determine whether the asset under consideration for derecognition is:

1. the rights to receive cash flows from the asset have expired or
2. the Fund has transferred its rights to receive cash flows from the asset to the third party under a pass-through arrangement; and either
    i. the Fund has transferred substantially all the risks and rewards of the asset, or
    ii. the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

1. the entity has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset
2. the entity is prohibited from selling or pledging the original asset (other than as security to the eventual recipient),
3. the entity has an obligation to remit those cash flows without material delay.

Once the Fund has determined that the asset has been transferred, it then determines whether it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Fund has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Fund must assess whether it has relinquished control of the asset or not. If the Fund does not control the asset then derecognition is appropriate; however, if the Fund has retained control of the asset, then the Fund continues to recognise the asset to the extent to which it has a continuing involvement in the asset.

b) Financial liabilities

IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. The financial liabilities are measured under categories. These include financial liabilities measured at fair value through Profit or Loss (FVTPL) and financial liabilities measured at amortised cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

IFRS 9 contains an option to designate a financial liability as measured at FVTPL if;

i) doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or

ii) the liability is part or a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

A financial liability which does not meet any of these criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

IFRS 9 requires gains and losses on financial liabilities designated as at FVTPL to be split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount presented in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Derecognition of financial liabilities

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

c) Derivatives

All derivatives in scope of IFRS 9, including those linked to unquoted equity investments, are measured at fair value. Value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

The embedded derivative concept that existed in IAS 39 has been included in IFRS 9 to apply only to hosts that are not financial assets within the scope of the Standard. Consequently, embedded derivatives that under IAS 39 would have been separately accounted for at FVTPL because they were not closely related to the host financial asset will no longer be separated. Instead, the contractual cash flows of the financial asset are assessed in their entirety, and the asset as a whole is measured at FVTPL if the contractual cash flow characteristics test is not passed.

d) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

e) Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction cost.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

3.15 Leases

IFRS 16 resulted in a significant change for lessee accounting, there is no longer a distinction between operating and finance leases, IFRS 16 supersedes IAS 17 Leases.

The standard introduces a single lease account model that requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless underlying asset is of low value. The standard set out the principles for the recognition, measurement, presentation and disclosure of leases on the statement of financial position. On 01 July 2019, the Fund adopted the requirements of IFRS 16 using modified retrospective approach by recognising lease liability at the date of initial application for leases previously classified as an operating lease under IAS 17 and right -of -use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position before the date of initial application. The lease policy for the Fund covers recognition, measurement and disclosure of right to use assets and lease liabilities.

i. *Recognition*

The Fund assesses whether the contracts contain lease element and recognize assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value as guided by IFRS 16. Leases are recognised as right-of-use assets and liabilities at the date at which the leased assets are available for use by the Fund.

ii. Initial Measurement

a) Right of use asset

The Fund measures right of use asset using cost model. Amount recognized as right of use asset at initial recognition takes into consideration; estimated incremental borrowing rate as a discount rate, any initial direct costs, disposal costs to be incurred during dismantling and removing of the underlying asset.

b) Lease liabilities

The Fund measures the lease liability at the present value of all outstanding payments at the initial date including all lease payments to be settled in the future. At the initial recognition the Fund will apply incremental borrowing rate to ascertain present value of the lease payments. The lease payments are discounted using the incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. Payments associated with all short-term leases and leases of all low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income

iii. Subsequent measurement

a) Right to use asset

Subsequently the Fund will measure right to use asset assets at cost, this accommodates all adjustments including accumulated depreciation and any accumulated impairment losses that may arise during the lifetime of the lease. The right-of-use assets are depreciated over the shorter of the remaining contractual time at recognition date, and the lease term on a straight-line basis. Periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

b) Lease liabilities

After commencement date the Fund will measure lease liability by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring carrying amount to reflect lease modification, revised payments or other assessments.

iv. Presentation and disclosure

The Fund presents the right of use assets and liability as line items in the notes of the financial statements. Lease interest expense is presented in profit or loss statement separate from other interest expenses. Cash payments for the carrying amount of lease assets are presented in cash flow statements as financing cost. Other information that gives the user of financial statement the basis for assessing effect of the lease is disclosed in the statement of cash flows and notes. Such information for the Bank as a lessee includes:

(i) Depreciation charge for right-of -use assets by class of underlying asset;
(ii) Interest expense on lease liabilities;
(iii) Total cash outflow for leases;
(iv) Additions to right-of-use assets;
(v) The carrying amount of right-of-use assets at the end of the reporting period by class of underlying assets
(vi) Transition accounting on adaption of IFRS 16

The Fund has opted for (modified retrospective approach) by recognizing lease liability at the date of initial application for leases previously classified as an operating lease under IAS 17 and right -of -use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position before the date of initial application:

(i) A single discount rate is applied to a portfolio of leases with reasonably similar characteristics;
(ii) Not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application and
(iii) Recognition period for value in use assets starts on the application date.

3.16 Accounts payables

Accounts payables are not interest bearing and therefore they are stated at their nominal value.

3.17 Comparatives

Where necessary, the comparative figures have been adjusted/reclassified to conform to the presentational requirements in the current year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINITY

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Board of Trustees' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

a) Going concern

The Fund's Management has made an assessment of the Fund's ability to continue as a going concern. Management is satisfied that the Fund has resources to continue in operation for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

b) Impairment losses on financial assets

At the end of each reporting year, the Fund reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

c) Income tax

Significant judgment is required in determining the Fund's overall income tax provision or estimated future recovery of deferred income tax asset. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Fund recognise liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the years in which the determination is made.

d) Property and equipment

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the board of trustees determined no significant changes in the useful lives and residual values.

e) Contribution receivables

Management made estimates of the contribution receivable during the year. The main assumptions used in the estimates were that all registered employers existed during from 1 July 2015 to 30 June 2021 and that the estimate amount was based on the latest contribution which was made by the employer. The estimates are likely to be affected by the unreported changes of the number of employees and gross salaries over a period of time. The increment in the time lag from the latest contribution to the reporting date increases the risk of misstatement of the estimates.

f) Claims Incurred but Not Reported ("IBNR")

During the current year the Management started to make estimates of the claims which occurred but were not reported to the Fund by the employers. These are based on estimated unreported claims as calculated by the actuaries. The average cost per claim is based on the actual claims paid and awards made, estimated outstanding costs (based on the latest and most reliable information available) and the number of claims register.

g) Measurement of fair values

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates.

5. ACTUARIAL PRESENT VALUE OF THE FUND

Section 86 of Workers Compensation Act Cap. 263 [R.E 2015] requires that all assets of the Fund from time to time as the Board may consider necessary, but in any event at the interval of not more than three years, be valued by an actuary appointed by the Board to determine the sufficiency of the Fund. The Fund started its operations on 1 July 2015. The Fund has started paying benefit with effect from 1 July 2016. Actuarial valuation was completed as at 30 June 2018. The summary disclosure of the present value of long-term liabilities is in note 43.

6. FINANCIAL RISK MANAGEMENT

The Fund is exposed to a variety of financial risks, which arise out of a variety of its activities.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. As part of its governance structure the Board of Trustees has embedded a comprehensive risk management framework for measuring, monitoring, controlling and mitigation of the Fund's risks. The policies are integrated in the overall management information system of the Fund and supplemented by a management reporting structure.

The financial risks to which the Fund is exposed to include credit risk, liquidity risk and market risk.

The notes below provide detailed information on each of the above risks and the Fund's objectives, policies and processes for measuring and managing risk.

6.1 Credit risk

Credit risk is the risk that the counterparty to any financial transaction may not be able to fulfil its obligation on due date. Credit risk is managed by the finance department of the Fund. Credit risk arises principally from fixed deposits, corporate bonds, treasury bonds and contributions receivable. The biggest receivable is from contributions and treasury bonds. There are no significant concentrations of credit risk.

Management of credit risk

To minimize credit risk, the Fund adheres to the limits set by the regulator on different categories of investments and also on the exposure limits set for each bank where it makes placements of funds. The limits are in line with the Social Security Schemes Investment Guidelines, 2021 issued by the Bank of Tanzania. Current accounts are also held with the approved banks. For the contribution's receivable, the set period for receipt are 30 days after the month end which is set by the regulations. Follow ups are done when the contributions are not received in time as these are monitored on a monthly basis.

The following table shows Investment Categories and Limits as prescribed in "The Social Security Schemes Investment Guidelines, 2021":

Investment Category	Investment limit as a percentage of Total Investment Portfolio
Cash and Demand Deposit in Banks and Financial Institutions	5
Government Securities (Treasury Bills, Treasury Bonds)	20 -100
Direct Loans to the Government	10
Commercial Paper, Promissory Notes and Corporate Bonds	20
Unlisted Corporate Debt	5
Real Estate	30
Real Estate - Non-Income Earning Property	5
Ordinary and Preference Shares	20
Unquoted Equity	5
Infrastructure Investments	25
Fixed Deposits, Time Deposits and Certificates of Deposits with Licensed Banks and Financial Institutions	35
Investment in Licensed Collective Investment Schemes	30
Guaranteed Fund - Supplementary schemes only	100
Others - subject to prior approval by the Bank	10

The table below represents the worst-case scenario of credit exposure, taking into account that there is no any collateral held.

Maximum exposure to credit risk as at 30 June 2021

Financial assets	30 June 2021 TZS '000	30 June 2020 TZS '000
Fixed deposits	14,742,636	14,761,606
Treasury bonds	343,797,370	263,996,818
Corporate bonds	3,582,573	2,873,499
Collective investment scheme	44,951,196	15,992,899
Unlisted equity shares	3,519,230	3,519,230
Listed equity shares	18,389,410	20,299,998
Investment receivables	598,056	75,188
Contributions receivable	6,373,070	7,799,952
Prepayments	639,968	410,390
Other receivables	363,781	363,323
Loans	5,961,457	4,845,013
Cash and Bank balances	3,555,647	4,237,641
Total	**446,474,394**	**339,175,557**

Credit quality of financial assets as at 30 June 2021

Financial assets	Current TZS '000	Past due but not impaired TZS'000	Impaired TZS '000	Total TZS '000
Fixed deposits	14,742,636	-	314,526	15,057,162
Treasury bonds	343,797,370	-	-	343,797,370
Corporate bonds	3,582,573	-	70,553	3,653,126
Collective investment scheme	44,951,196	-	-	44,951,196
Unlisted equity shares	3,519,230	-	-	3,519,230
Listed equity shares	18,389,410	-	-	18,389,410

Investment receivables	598,056	-	-	598,056
Contributions receivable	6,373,070	-	125,920,290	132,260,166
Prepayments	639,968	-	-	639,968
Other receivables	363,781	-	-	363,781
Loans	5,961,457	-	50,300	6,011,757
Cash and Bank balances	3,555,647	-	85,039	3,640,686
Total	**446,474,394**	**-**	**126,440,708**	**572,881,908**

Credit quality of financial assets as at 30 June 2020

Financial assets	Neither past due nor impaired TZS '000	Past due but not impaired TZS'000	Impaired TZS '000	Total TZS '000
Fixed deposits	14,761,606	-	389,471	15,151,077
Treasury bonds	263,996,818	-	1,643,302	265,640,120
Corporate bonds	2,873,499	-	70,199	2,943,698
Collective investment scheme	15,992,899	-	-	15,992,899
Unlisted equity shares	3,519,230	-	-	3,519,230
Listed equity shares	20,299,998	-	-	20,299,998
Investment receivables	75,188	-	-	75,188
Contributions receivable	7,799,952	-	108,823,348	116,623,300
Prepayments	410,390	-	-	410,390
Other receivables	363,323	-	-	363,323
Loans	4,845,013	-	34,319	4,879,332
Cash and Bank balances	4,237,641		81,102	4,318,743
Total	**339,175,557**	**-**	**111,041,741**	**450,217,298**

Out of the amounts impaired, TZS 26.60 billion is due from the Government of the United Republic of Tanzania and relates to outstanding contribution for all public service employees, whose payroll was processed by the Treasury, for the 12 months to 30 June 2016. The Fund has fully provided for the same but continues to engage the government to settle the amounts outstanding and do not consider the receivable to be impaired due to the credit quality of the debtor. The other amounts that were past due as at 30 June 2021 have subsequently been received.

6.2 Liquidity risk

Liquidity risk is the risk of failing to meet obligations when they fall due. The Fund manage liquidity risk by maintaining a pool of short term placements with banks which is adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenses. The sources of funds include monthly contributions from its contributing members' companies and organizations. Other sources are penalty income and investment income.

The table below analyses the Fund's financial assets and liabilities as at the end of reporting year. The amounts disclosed in the table below are the undiscounted cash flows. Balances due equal their carrying balances, as the impact of discounting is not significant.

As at June 2021

Financial Assets/liabilities	Less than 1 month	Between 1-3 months	Between 3-12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS'000	TZS'000	TZS'000
Fixed deposits	-	-	85,909	14,656,727	14,742,636
Treasury bonds	-	104,266	13,824,668	329,868,436	343,797,370
Corporate bonds	141,828	-	11,298	3,429,447	3,582,573
Collective investment scheme	44,951,196	-	-	-	44,951,196
Unlisted equity shares	-	-	-	3,519,230	3,519,230
Listed equity shares	-	-	-	18,389,410	18,389,410
Investment receivables	-	-	598,056	-	598,056
Contributions receivable	-	6,373,070	-	-	6,373,070
Prepayments	-	-	639,968	-	639,968
Other receivables	-	-	363,781	-	363,781
Loans	-	-	-	5,961,457	5,961,457
Cash and Bank balances	3,555,647	-	-	-	3,555,647
Total	**48,648,671**	**6,477,336**	**15,523,680**	**375,824,707**	**446,474,394**
30 June 2021					
Payables	-	3,449,598	14,947,397	-	18,396,995
Net liquidity gap	**48,648,671**	**3,027,738**	**576,283**	**375,824,707**	**428,077,399**

As at June 2020

Financial Assets/liabilities	Less than 1 month	Between 1-3 months	Between 3-12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS'000	TZS'000	TZS'000
Fixed deposits	-	-	186,105	14,575,502	14,761,607
Treasury bonds	-	-	10,094,666	253,902,152	263,996,818
Corporate bonds	143,699	-	-	2,729,800	2,873,499
Collective investment scheme	15,992,899	-	-	-	15,992,899
Unlisted equity shares	-	-	-	3,519,230	3,519,230
Listed equity shares	-	-	-	20,299,998	20,299,998
Investment receivables	75,188	-	-	-	75,188
Contributions receivable	-	7,799,952	-	-	7,799,952
Prepayments	-	-	410,390	-	410,390
Other receivables	-	-	363,323	-	363,323
Loans	-	-	-	4,845,013	4,845,013
Cash and Bank balances	4,237,641	-	-	-	4,237,641
Total	**20,449,427**	**7,799,952**	**11,054,484**	**299,871,695**	**339,175,558**
30 June 2020					
Payables	-	2,249,215	14,831,190	-	17,080,405
Net liquidity gap	**20,449,427**	**5,550,737**	**(3,776,706)**	**299,871,695**	**322,095,153**

6.3 Market risk

Market risk is the risk of changes in value of net assets of the Fund as a result of adverse price movement for investments and financial assets and liabilities held by the Fund. Market risk has been subdivided into interest rate risk, foreign exchange risk and price risk.

6.3.1 Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund invests in short term instruments when interest rates are considered to be low temporarily.

The Fund's interest rate financial instruments are government securities and deposits with financial institutions. All the financial instruments are at fixed rate and hence no exposure on the move in interest rates.

The table below analyses the Fund's interest rate risk exposure on financial assets and liabilities as at 30 June 2021:

	Carrying amount	Interest bearing	Non-interest bearing
Financial assets	**TZS '000**	**TZS '000**	**TZS '000**
Fixed deposits	14,742,636	14,742,636	-
Treasury bonds	343,797,370	343,797,370	-
Corporate bonds	3,582,573	3,582,573	-
Collective investment scheme	44,951,196	-	44,951,196
Unlisted equity shares	3,519,230	-	3,519,230
Listed equity shares	18,389,410	-	18,389,410
Investment receivables	598,056	-	598,056
Contributions receivable	6,373,070	-	6,373,070
Prepayments	639,968	-	639,968
Other receivables	363,781	-	363,781
Loans	5,961,457	-	5,961,457
Cash and Bank balances	3,555,647		3,555,647
Total financial assets	**446,474,394**	**362,122,579**	**84,351,815**
Financial liabilities			
Payables	**18,396,995**	-	**18,396,995**
Total financial liabilities	**18,396,995**	-	**18,396,995**
Net interest sensitivity gap	**428,077,399**	**362,122,579**	**65,954,820**

The table below analyses the Fund's interest rate risk exposure on financial assets and liabilities as at 30 June 2020:

	Carrying amount	Interest bearing	Non-interest bearing
Financial assets	**TZS '000**	**TZS '000**	**TZS '000**
Fixed deposits	14,761,606	14,761,606	-
Treasury bonds	263,996,818	263,996,818	-
Corporate bonds	2,873,499	2,873,499	-

	Carrying amount	Interest bearing	Non-interest bearing
Financial assets	**TZS '000**	**TZS '000**	**TZS '000**
Collective investment scheme	15,992,899	-	15,992,899
Unlisted equity shares	3,519,230	-	3,519,230
Listed equity shares	20,299,998	-	20,299,998
Investment receivables	75,188	-	75,188
Contributions receivable	7,799,952	-	7,799,952
Prepayments	410,390	-	410,390
Other receivables	363,323	-	363,323
Loans	4,845,013	-	4,845,013
Cash and Bank balances	4,237,641		4,237,641
Total financial assets	**339,175,557**	**281,631,923**	**57,543,634**
Financial liabilities			
Payables	17,080,405	-	17,080,405
Total financial liabilities	**17,080,405**	**-**	**17,080,405**
Net interest sensitivity gap	**322,095,152**	**281,631,923**	**40,463,229**

6.3.2 Foreign exchange risk management

The foreign exchange risk (or currency risk) is the risk arising from changes in the value of foreign currencies. However, the Fund has no significant foreign currency transactions and only small portion of fixed deposits is denominated in forex (USD) and hence there is no significant risk caused by forex changes and the Fund's currency risk is ranked as low.

6.3.3 Price risk management

Price risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

7. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2021

	Amortized cost TZS'000	At FV through OCI TZS'000	At FV through P&L TZS'000	Total TZS'000
Financial assets				
Fixed deposits	-	14,742,636		14,742,636
Treasury bonds	-	343,797,370		343,797,370
Corporate bonds	-	3,582,573	-	3,582,573
Collective investment scheme	-	44,951,196	-	44,951,196
Unlisted equity shares	-	3,519,230	-	3,519,230
Listed equity shares	-	18,389,410	-	18,389,410
Investment receivables	-	598,056	-	598,056

Contributions receivable	-	6,373,070	-	6,373,070
Prepayments	-	639,968	-	639,968
Other receivables	-	363,781	-	363,781
Loans	5,961,457	-	-	5,961,457
Cash and Bank balances	-	3,588,841	-	3,588,841
Total	**5,961,457**	**440,546,131**	-	**446,507,588**
Financial liabilities				
Payables	-	-	18,396,995	18,396,995
Total	-	-	**18,396,995**	**18,396,995**

As at 30 June 2020

	Amortized cost TZS'000	At FV through OCI TZS'000	At FV through P&L TZS'000	Total TZS'000
Financial assets				
Fixed deposits	-	15,151,077	-	15,151,077
Treasury bonds	-	265,640,120	-	265,640,120
Corporate bonds	-	2,943,698		2,943,698
Collective investment scheme	-	15,992,899	-	15,992,899
Unlisted equity shares	-	3,519,230	-	3,519,230
Listed equity shares	-	20,299,998	-	20,299,998
Investment receivables		75,188		75,188
Contributions receivable	-	116,623,300	-	116,623,300
Prepayments	-	410,390	-	410,390
Other receivables	-	363,323	-	363,323
Loans	4,879,332	-	-	4,879,332
Cash and Bank balances	-	4,318,743	-	4,318,743
Total	**4,879,332**	**445,337,966**	-	**450,217,298**
Financial liabilities				
				TZS'000
Payables	-	-	17,080,405	17,080,405
Total	-	-	**17,080,405**	**17,080,405**

8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and

iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2021

	Fair values			Carrying amount
	Level 1	Level 2	Level 3	
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets measured at fair values.				
Treasury bonds	343,797,370	-	-	343,797,370
Corporate bonds	3,582,573	-	-	3,582,573
Listed equity shares	18,389,410	-	-	18,389,410
Collective investment scheme	44,951,196	-	-	44,951,196
Unlisted equity	-	3,519,230	-	3,519,230
Financial assets for which fair values are disclosed.				
Fixed deposits	-	-	14,742,636	14,742,636
Investment receivables	-	-	598,056	598,056
Contributions receivable	-	-	6,373,070	6,373,070
Prepayments	-	-	639,968	639,968
Other receivables	-	-	363,781	363,781
Loans	-	-	5,961,457	5,961,457
Cash and Bank balances	-	-	3,588,841	3,588,841
Total	**410,720,549**	**3,519,230**	**32,267,809**	**446,507,588**
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities for which fair values are disclosed				
Payables	-	-	18,396,995	18,396,995
Total	-	-	**18,396,995**	**18,396,995**

As at 30 June 2020

			Fair values	Carrying amount
	Level 1	Level 2	Level 3	
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets measured at fair values.				
Treasury bonds	263,996,818	-	-	263,996,818
Corporate bonds	2,873,499	-	-	2,873,499
Listed equity shares	20,299,998	-	-	20,299,998
Collective investment scheme	15,992,899	-	-	15,992,899
Unlisted equity	-	3,519,230	-	3,519,230
Financial assets for which fair values are disclosed.				
Fixed deposits	-	-	14,761,606	14,761,606
Investment receivables	-	-	75,188	75,188
Contributions receivable	-	-	7,799,952	7,799,952
Prepayments	-	-	410,390	410,390
Other receivables	-	-	363,323	363,323
Loans	-	-	4,845,013	4,845,013
Cash and Bank balances	-	-	4,237,641	4,237,641
Total	**303,163,214**	**3,519,230**	**32,493,113**	**339,175,557**
Financial liabilities measured at fair value	-	-	-	-

Financial liabilities for which fair values are disclosed				
Payables	-	-	17,080,405	17,080,405
Total	-	-	**17,080,405**	**17,080,405**

	30.06.2021 TZS '000	30.06.2020 TZS '000
9. FIXED DEPOSITS		
Principal	14,971,253	14,964,973
Interest Receivable	85,909	186,104
Less: Allowance for Probable Loss	(314,526)	(389,471)
	14,742,636	**14,761,606**
Maturity analysis		
Maturing up to 3 months	-	-
Maturing 3 to 12 months	**14,742,636**	**14,761,606**
	14,742,636	**14,761,606**

10. TREASURY BONDS

	30.06.2021 TZS '000	30.06.2020 TZS '000
Cost	330,144,400	275,116,000
Unamortized discount	(7,487,464)	(19,690,661)
Premium	3,011,121	120,115
Interest receivable	13,824,668	10,094,666
Change in Fair Value	4,304,645	-
Less: Allowance for Probable Loss	-	(1,643,302)
Fair Value	**343,797,370**	**263,996,818**
Maturity analysis		
Maturing up to 3 months	104,266	-
Maturing 3 to 12 months	13,824,668	10,094,666
Maturing over 12 months	329,868,436	253,902,152
	343,797,370	**263,996,818**

11. CORPORATE BONDS

5 Years Bonds	3,500,000	2,800,000
Interest Receivable	153,125	143,698
Less: Allowance for Probable Loss	(70,552)	(70,199)
	3,582,573	**2,873,499**
Maturity analysis		
Maturing up to 3 months	141,827	143,698
Maturing 3 to 12 months	-	-
Maturing over 12 months	3,440,746	2,729,801
	3,582,573	**2,873,499**

12. COLLECTIVE INVESTMENT SCHEME

	30.06.2021 TZS '000	30.06.2020 TZS '000
Bond Fund	8,247,363	7,919,295
Liquid Fund	36,703,833	8,073,604
	44,951,196	**15,992,899**

13. UNLISTED EQUITY SHARES

A. Movement in Unquoted investments during the year is as follows

	30.06.2021	30.06.2020
At the beginning of year	286,971	286,971
Fair value adjustment	3,232,259	3,232,259
At the end of the year	**3,519,230**	**3,519,230**

A. Classification by entity

TPB Bank Plc	**286,971**	**286,971**
Azania Bank Limited	**3,232,259**	**3,232,259**
	3,519,230	**3,519,230**

14. LISTED EQUITY SHARES

B. Movement in quoted investments during the year is as follows

	30.06.2021 TZS '000	30.06.2020 TZS '000
At the beginning of year	20,299,998	19,105,880
Additions	-	-
Disposals	-	-
Fair value changes	(1,910,588)	1,194,118
At the end of the year	**18,389,410**	**20,299,998**

C. Classification by entity

	EQUITIES (UNITS)			EQUITIES (MARKET VALUE - TZS '000')			
ENTITY	**Shares at 1 July 2020**	**Addition/(Disposals)**	**At 30 June 2021**	**At 1 July 2020**	**Addition/ (Disposals)**	**Fair value gain/(loss)**	**At 30 June 2021**
Vodacom Tanzania (Plc)	23,882,350	-	23,882,350	**20,299,998**	-	(1,910,588)	18,389,410
	23,882,350	-	**23,882,350**	**20,299,998**	-	(1,910,588)	**18,389,410**

15. INVESTMENT RECEIVABLES

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Mponde Tea Factory	64,878	-
Simiyu Medical Products	457,990	-
Dividend Receivables	75,188	75,188
	598,056	75,188

16. INVESTMENT PROPERTY

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Land Cost	2,622	2,622
Change in Market Value	189,378	-
	192,000	**2,622**

17. INCOME TAX RECEIVABLE/(PAYABLE)

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Balance as at 01 July 2020	1,879,308	1,705,741
Less: Paid during the period	15,316,722	9,525,550
Add: Charge during the period	(14,601,509)	(9,351,983)
	2,594,521	**1,879,308**

18. PROPERTY AND EQUIPMENT

	Computers	Office Equipment	Furniture Fixture & Fittings	Motor Vehicle	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost					
At 1 July 2019	1,311,832	391,601	896,093	1,269,537	3,869,062
Additions	1,026,038	27,350	723,433	323,350	2,100,172
At 30 June, 2020	**2,337,870**	**418,951**	**1,619,526**	**1,592,887**	**5,969,234**
At 1 July 2020	2,337,870	418,951	1,619,526	1,592,887	5,969,234
Additions	245,451	64,316	162,523	131,853	604,143
At 30 June, 2021	**2,583,321**	**483,267**	**1,782,049**	**1,724,740**	**6,573,377**
Accumulated depreciation					
At 1 July 2019	473,386	184,182	408,984	457,128	1,523,681
Charge for the year	335,286	80,141	193,627	271,323	880,377
At 30 June 2020	**808,672**	**264,323**	**602,611**	**728,451**	**2,404,058**
At 1 July 2020	808,672	264,323	602,611	728,451	2,404,058
Charge for the year	479,596	85,578	299,770	316,825	1,181,770
At 30 June, 2021	1,288,268	349,901	902,381	1,045,276	3,585,828
Net book Value					
At 30 June 2020	1,529,197	154,628	1,016,915	864,436	3,565,177
At 30 June 2021	1,295,053	133,366	879,668	679,464	2,987,549

19. INTANGIBLE ASSETS- COMPUTER SOFTWARE

Cost	**30.06.2021**	**30.06.2020**
	TZS '000	**TZS '000**
At the beginning of year	**2,875,444**	**150,354**
Additions	-	2,725,090
At the end of year	**2,875,444**	**2,875,444**
Amortisation		
At the beginning of year	**212,249**	**26,206**
Charge for the year	**287,545**	186,043
At the end of year	**499,794**	**212,249**
Net book value at 30 June	**2,375,650**	**2,663,195**

20. RIGHT TO USE ASSET (LEASES)

The Fund has entered into lease contracts with various landlords for its Head Office and Regional Offices. As the result, the Fund has adopted IFRS 16 to recognize, measure, present and disclose its lease obligations in order to provide relevant information. The following information has been disclosed in respect to existing leases:

	30.06.2021 TZS '000	30.06.2020 TZS '000
Right to Use Assets	2,030,652	1,985,640
Less: Accumulated depreciation leases	(1,470,920)	(506,580)
	559,732	**1,479,060**
Lease Liability	584,910	1,459,597
	584,910	**1,459,597**

21. CONTRIBUTION RECEIVABLES

	30.06.2021 TZS '000	30.06.2020 TZS '000
Private sector contributions (1%)	56,658,266	53,416,329
Public sector contributions (0.5%)	26,664,544	26,664,544
Interest Receivables on Contributions	48,970,550	36,542,427
	132,293,360	116,623,300
Less: Allowance for Probable Losses	(125,920,290)	(108,823,348)
	6,373,070	**7,799,952**

Management made estimates of the contribution receivable during the year. The main assumptions used in the estimates were that all registered employers existed during from 1 July 2015 to 30 June 2021 and that the estimated amount was based on the latest contribution which was made by the employer. The estimates are likely to be affected by unreported changes of the number of employees and gross salaries over a period of time. The increment in the time lag from the latest contribution to the reporting date increases the risk of misstatement of the estimates.

Contribution receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Fund has recognised an allowance for doubtful debts as shown below: -

Ageing of contribution receivables that are past due

	30.06.2021 TZS '000	30.06.2020 TZS '000
0-90 days	9,400,263	10,783,188
91-180 days	4,655,324	2,510,021
181-360days	8,294,012	2,153,581
361 days and above	109,943,761	101,176,510
	132,293,360	**116,623,300**

Movement in the allowance for doubtful debts

Balance at beginning of the year	108,823,348	62,648,852
Impairment recognised during the year	17,096,942	46,174,496
	125,920,290	**108,823,348**

The impairment recognised represents the difference between the carrying amount of these contribution receivables and the present value of the expected cash flows. The Fund does not hold any collateral over these balances.

22. PREPAYMENTS

Medical bills	148,608	148,608
Supplementary Health Packages	479,507	170,681
Subscriptions	-	324
Industrial projects	-	90,777
Rent Service Charge	11,853	-
	639,968	**410,390**

23. OTHER RECEIVABLES

Imprest and advances	275,708	278,840
Rent security deposit	88,073	84,483
	363,781	**363,323**

24. STAFF LOANS

Motor Vehicle Loans	1,271,142	1,088,588
House Loans	1,137,923	2,680,216
Personal Loans	3,602,692	1,110,528
Less: Allowance for Probable Loss	(50,300)	(34,319)
	5,961,457	**4,845,013**

25. CASH AND CASH EQUIVALENTS

	30.06.2021 TZS '000	30.06.2020 TZS '000
Cashbook balance		
NMB Bank Plc. - GePG Account	-	-
NMB Bank Plc. - Call Account	1,154,560	964,114
NMB Bank Plc. - Current Account	165,528	206,679
Bank of Tanzania	1,503,064	
CRDB Bank - Current Account	(1,481,800)	2,772,558
CRDB Bank Plc. - Call Account	9,803	-
CRDB Bank - GePG Account	2,289,531	375,391
IFRS 9 Allowance for probable loss	(85,039)	(81,101)
	3,555,647	**4,237,641**
Net cashbook balances as at 30 June, (excluding allowance for probable loss)	**3,640,686**	**4,318,742**
Treasury Bills maturing within 3 months	-	-
Treasury Bonds maturing within 3 months		
Fixed deposits maturing within 3 months	-	-
Cash and cash equivalents as at 30 June	**3,640,686**	**4,318,742**

26. A. DEFERRED TAX LIABILITY

Movement in deferred tax liability balances		
Balance as at 1 July 2020	502,769	502,769
Increase/(decrease)	(502,769)	-
Balance as at 30 June	**-**	**502,769**

B. DEFERRED TAX ASSETS

Movement in deferred tax liability balances		
Balance as at 1 July 2020	3,691,176	-
Increase/(decrease)	4,775,362	3,691,176
Balance as at 30 June	**8,466,538**	**3,691,176**

27. INVENTORY

Computer Consumables	55,978	18,035
General Stationary	15,287	18,058
Printing Materials	6,741	6,881
Refreshment	2,224	3,335
	80,230	**46,309**

28. OTHER PAYABLES AND ACCRUED EXPENSES

	30.06.2021 TZS '000	30.06.2020 TZS '000
Lease payable	-	69,445
Stale cheques	614,907	584,108
Benefits payables	3,560,377	2,301,456
Accrued administrative expenses	1,220,090	1,527,864
Unclaimed monthly pension	6,385	248
Other creditors	80,148	4,074
Un-receipt deposits	8,807,405	10,285,866
Retention	73,175	58,129
	14,362,487	**14,831,190**

Un-receipt deposits to the tune of TZS 8,807.41 million (2020: TZS 10,285.87 million) represent bank deposits mainly contributions from employers received by the Fund but receipts not yet issued due to lack of supporting payments details from employers.

29. CLAIMS PROVISION

Opening balance	2,249,215	950,202
Payments made during the year	(1,616,865)	(950,202)
Increase during the year	2,817,248	2,249,215
	3,449,598	**2,249,215**

Actuarial Assumptions

a) Projections has been made based on the total projected number of claim incidents for financial years 2017/18, 2018/19, 2019/20 and 2020/21.

b) This provision includes possible claims Incurred but Not Reported (IBNR) and claims which has been received by the Fund but are still in process.

c) This amount has been established by taking into consideration the claims accepted and claims rejected by the Fund as at 30 June 2021.

d) A rejection factor of 2.09% was used to determine the number of probable accepted claims arising from the financial years 2017/18, 2018/19, 2019/20 and 2020/21

e) Claims reserving was done by considering average benefit payments as at 30 June 2021.

f) 6% increase in average benefit cost was done taking into account increase in medical aid cost.

30. CONTRIBUTION INCOME

	2020/21 TZS '000	2019/20 TZS '000
Private sector contributions	63,619,379	70,428,733
Public sector contributions	30,647,346	23,708,516
Interest from late contributions payment	12,667,161	12,306,820
	106,933,886	**106,444,069**

Contribution income is based on the monthly charges on the employer payrolls at the rate of 1.00% and 0.50% for private and public sector employers respectively.

31. INVESTMENT INCOME

Interest from fixed deposits	748,417	747,145
Interest from call account	164,122	116,218
Gain on Proceed from sell of bonds	12,288,209	1,191,592
Interest from Treasury bonds	44,372,086	34,058,361
Interest from Corporate bonds	405,502	396,873
Dividend income	5,459,728	1,031,793
Capital gain	2,110,507	392,899
Gain/(loss) in exchange rate	6,952	(35,027)
Penalty Income on Investment	-	11,558
Change in Market Value of Unlisted equities	-	3,232,259
Change in Market Value of Bonds	4,304,645	-
Impairment Release Fixed Deposit	74,945	-
Impairment Release Treasury Bonds	1,643,302	-
Change in Market Value of Lands	189,378	-
Change in Market Value of Listed equities	(1,910,588)	1,194,117
	69,857,205	**42,337,788**

32. OTHER INCOME

Service charges	93,307	85,295
Miscellaneous income	9,718	160,522
Impairment release staff loans	-	22,590
Impairment release bank balance	-	177,182
	103,025	**445,589**

33. BENEFIT EXPENSES

Benefit administration costs	739,164	550,505
Medical aids	2,284,989	1,139,518
Temporary disablement	1,653,506	1,817,947
Permanent disablement	2,794,809	2,013,809
Funeral grants	36,800	53,000
Dependants/survivors grant	1,908,670	888,836
Permanent disablement Monthly pensions	602,053	321,765
Medical Advisory	336,286	24,480
Constant care attendant	19,620	13,154
Claims Provision	2,817,248	2,271,812
	13,193,145	**9,094,826**

34. IMPAIRMENT OF FINANCIAL ASSETS

Contribution receivable	17,096,941	46,174,496
Bank balances	3,938	-
Treasury bonds	-	1,388,052
Corporate bonds	353	31,382
Staff loans	15,981	-
Fixed deposits	-	351,612
	17,117,213	**47,945,542**

35. FINANCE COSTS

Bank Charges	41,182	33,403
Lease Interest expense	44,890	43,837
	86,072	**77,240**

36. ADMINISTRATIVE EXPENSES

Staff costs [Note 36(A)]	11,447,331	10,183,773
Printing and stationery	169,220	203,925
Stakeholders education and public awareness	289,346	143,301
Trustee Fees	4,806	4,811
Communication and Postage	544,711	275,891
Audit expenses	220,400	289,000
Welfare	1,600,570	1,443,890
Compliance and registration	328,328	408,166
Repairs and maintenance	1,072,008	16,226
Training and conferences	607,540	353,726
Rent and Service charge	187,892	187,320
Depreciation Expense lease	964,339	991,052
Maintenance expenses	950,039	817,442
Donations	296,761	213,388
Depreciation and amortisation	1,469,314	1,066,420
Other administrative expenses	3,402,481	3,679,698
Total	**23,555,086**	**20,278,029**

36 (A): STAFF COSTS

	2020/21 TZS '000	2019/20 TZS '000
Salaries and allowances	10,349,140	9,215,224
Contribution to Social Security Institutions	1,098,191	968,549
	11,447,331	**10,183,773**

37. INCOME TAX EXPENSE

	2020/21 TZS '000	2019/20 TZS '000
A: Amount recognised in statement of comprehensive income		
Current year	14,601,509	9,351,983
Changes in estimate relating to previous years	-	-
	14,601,509	**9,351,983**
Deferred tax		
Origination and reversal of temporary differences	(4,775,362)	(3,691,176)
Adjustments relating to previous years	-	-
Income tax expense reported in the statement of comprehensive income	**9,826,147**	**5,660,807**

B: Reconciliation of income tax expense and tax on accounting profit

	2020/21 TZS '000	2019/20 TZS '000
Surplus before tax	121,700,133	71,175,383
Tax calculated at rate of 30%	36,510,040	21,352,615
Non-deductible expenses for tax purpose:		
Tax effect on disallowed administrative expenses	4,471,126	4,074,013
Tax effect on Impairment Loss Allowances	5,135,164	14,383,663
Tax effect on disallowed depreciation charge	325,229	263,330
Tax effect on disallowed amortization of lease	286,426	297,316
Tax effect on disallowed amortization of software	79,173	55,789
Tax effect on deductible depreciation allowance	(96,582)	(94,635)
Tax effect on release impairment of financial assets	(515,474)	(59,932)
Tax effect on valuation adjustment	(1,410,268)	(1,317,405)
Tax effect on dividend income	(1,637,918)	(309,538)
Tax effect on deferred tax	(4,775,362)	(3,691,176)
Tax effect on office rent incurred	(106,196)	(88,461)
Tax effect on disallowed Benefit expenses	3,640,955	2,728,448
Tax effect on income not subject to tax	(32,080,166)	(31,933,221)
Income tax expense	**9,826,147**	**5,660,807**

38. PRIOR YEAR ADJUSTMENTS

Over bookings in the prior year contributions	-	(10,192,181)
	-	(10,192,181)

Management makes estimate of the contribution receivables every year. The estimate amount is based on the latest contributions which are made by the employers. The estimates are likely to be affected by the unreported changes of the number of employees and gross salaries over a period of time. The increment in the time lag from the latest contributions to the reporting date increases the risk of misstatement of the estimates which results prior years' adjustments when the Fund obtains correct figures from employers.

39. RELATED PARTY TRANSACTIONS

39.1 Parent and ultimate controlling party

The Government of United Republic of Tanzania is the guarantor of the Fund. The Fund's activities are controlled by the Board of Trustees.

a) Key management personnel compensation

The remuneration of the Trustees and the key management personnel of the Fund are set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2020/21 TZS'000	2019/20 TZS'000
Senior management - salaries	2,928,086	3,282,424
Senior management - contribution to defined benefit schemes	396,000	433,512
Trustee's fees and allowances	4,806	4,811
	3,328,892	**3,720,747**

Compensation of the Fund's key management personnel includes salaries and contributions to the post- employment defined benefit plan. During the year ended 30 June 2021 the number of senior management was 11 (2020:11).

b) Key management personnel transactions

During the year under review, there were no transactions between key management personnel and the Fund.

40. CONTRACTUAL COMMITMENTS

Operating leases — Fund as lessee

The Fund has entered into operating leases with the following Lessors for its head office and Regional Offices: -

Name of Lessor	Office Location
Public Service Social Security Fund	Dar es Salaam
Public Service Social Security Fund	Dodoma
National Health Insurance Fund	Mbeya
Public Service Social Security Fund	Arusha
Mwanza City Commercial Complex Limited	Mwanza
VETA East Zone	Mtwara
National Social Security Fund	Morogoro
National Housing Corporation	Temeke
National Social Security Fund	Tabora
Geita Town Council	Geita

The leases typically run for a period of two years with an option to renew after that date, with exception of operating lease for Dodoma Office where it runs for a period of three years with an option for renew after that date.

The rent paid to the landlord is adjusted to market rentals at regular intervals and the Fund does not have an interest in the residual value of the land and building. As a result, it was determined that substantially all of the risks and rewards of the land and building are with the landlord.

During the year under review, the Fund has not entered in any sub-lease arrangements.

41. CONTINGENT LIABILITIES

The Fund is not involved currently in any legal or arbitration proceedings (including any governmental proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial statements of the Fund.

42. EVENTS SUBSEQUENT TO FINANCIAL YEAR

At the date of signing the financial statements, the Trustees are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial statements of the Fund.

43. SOLVENCY OF THE FUND

Based on the actuarial valuation of the that was completed as at 1 July 2018 by the consulting the International Labour Organisation (ILO), the financial position of the Fund is sustainable over 30 years of projections. The valuation revealed a free reserve (surplus) of TZS 206,970 million as at June 2018.

Actuarial estimates of the Fund's liabilities as at June 2021, reveals that the free reserve as increased to TZS 403,018 million. This reserve indicates the Fund is technically solvent.

The actuarial present value of benefits liabilities is as follows;

	2020/21 TZS Million	2019/20 TZS Million
Benefit liabilities		
Present Value of Benefits liabilities of incidents that have occurred as at 30 June,	42,669	25,185
Assets		
Assets of the Fund as at 30 June,	445,334	333,460
Actuarial Reserve		
excess of asset over accrued benefits liabilities	402,665	308,275

As disclosed in note 1.23 of the Board of Trustees Report, the Actuarial valuation of the Fund was done as at 30 June 2018 by International Labour Organisation (ILO).

The Fund monitors the positions/the parameters on regular basis and has opted to disclose the present value of all benefit liabilities (which includes long term liabilities) for financial reporting purposes.

44. CASH FLOW RECONCILIATION

	Note	2020/21 TZS '000"	2019/20 TZS '000"
Contribution Received			
Contribution Income	**30**	**106,933,886**	106,444,069
Change in Contribution Receivables	21	(15,670,060)	(5,410,601)
Adjustment of overbooked receivable	38	-	(10,192,181)
		91,263,826	**90,841,287**
Other Income Received			
Other Income	32	103,025	445,589
Benefit Paid			
Benefit Expenses	**33**	**13,193,146**	9,094,826

Change in Stale Cheque, Benefit payable, and Unclaimed monthly pension	28	(2,496,240)	(1,668,375)
		10,696,906	**7,426,451**
Tax Paid			
Income Tax Expenses	37	9,826,147	5,660,807
Change in Income Tax Receivable	17	715,213	173,567
Change in Deferred tax liability	26A	502,769	-
Change in Deferred tax Asset	26	4,775,362	3,691,176
		15,819,491	**9,525,550**
Payment for administrative expenses			
Admin Expenses (excluding depreciation)	36	21,121,433	18,256,650
Change in Prepayment and Other Receivables	22 & 23	321,137	(1,504,018)
Change in accrued admin Exp, Retention, and Other creditors	28	216,653	(874,453)
		21,659,223	**15,878,179**
Proceeding from Investment Income			
Investment Income (excluding loss in exchange, capital gain and change in market value of equities)	31	63,438,063	37,553,540
Investment Expenses		(242,466)	(156,426)
Change in Interest; Fixed Deposit, Treasury Bonds, Corporate Bonds and Dividend	9,10,11,15	(3,639,233)	(3,005,166)
		59,556,364	**34,391,948**
Investment in Treasury bonds			
Closing balance (excluding interest receivables and change in Fair value)	10	325,668,056	255,545,454
Opening balance (excluding interest receivables and change in Fair value)	10	(255,545,454)	(197,019,033)
		70,122,602	**58,526,421**
Investment in Collective Scheme			
Change in Bond Fund	12	328,069	-
Change in Liquid Fund	12	28,630,229	15,992,899
Capital Gain	31	(2,110,507)	(392,899)
		26,847,791	**15,600,000**

Investment in Fixed Deposit			
Closing balance	9	14,971,253	14,964,973
Opening balance	9	(14,964,973)	(2,700,000)
Exchange gain	31	(6,952)	35,027
		(672)	**12,300,000**
Investment in Industrial Projects			
Change in Investment Receivable(Exclude Dividend Receivables)	15	522,868	-
Change in Industry Projects prepayments	22	(90,777)	-
		432,091	-
Investment in Corporate bonds			
Closing balance (excluding interest receivables)	11	3,500,000	-
Opening balance (excluding interest receivables)	11	(2,800,00)	-
		700,000	-
Investment in Staff Loans			
Closing balance (exclude impairment)	24	6,011,757	4,879,332
Opening balance(exclude impairment)	24	(4,879,332)	(3,894,862)
		1,132,425	**984,470**
Cash flow from lease and other liabilities			
Change in Lease Liability (Lease Liability, Lease Payable & Lease Interest Expenses)	20,28,35	(1,108,808)	(984,905)
Change in Un-receipted Transactions	28	(1,478,462)	10,285,866
		(2,587,270)	**9,300,961**

45. INVESTMENT EXPENSE

During the financial year 2020/21 the Fund incurred TZS 242,466,000 (2019/20: TZS 156,426,000) in relation to investment expenses which involve investment meeting and related costs paid to facilitate review and appraisal of potential and existing Fund's investments.

46. CONTRIBUTION TO GOVERNMENT

During the financial year 2020/21 the Fund contributed a sum of TZS 1,000,000,000 to the Government as compared to TZS 500,000,000 Contributed in the year 2019/20.