

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the 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;
- \checkmark Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Public Service Social Security Fund and may form part of the annual general report, which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

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ABBREVIATIONS AND ACRONYMS

ATE	Association of Tanzanian Employers
AU	African Union
вот	Bank of Tanzania
CAG	Controller and Auditor General
CWT	Chama Cha Walimu Tanzania
EAC	East African Cooperation
ECASSA	East and Central Africa Social Security Association
GEPF	GEPF Retirement Benefits Fund
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IBOR	interbank offered rate
IFRS	International Financial Reporting Standards
ISSA	International Social Security Association
KPI	Key Performance Indicators
LAPF	LAPF Pensions Fund
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
PPF	Parastatal Pension Fund
PSSSF	Public Service Social Security Fund
RAAWU	Researchers Academician and Allied Workers Union
SADC	Southern African Development Community
SLA	Service Level Agreement
TALGWU	Tanzania Local Government Workers Union
TCCIA	Tanzania Chambers of Commerce, Industry and Trade
TSSA	Tanzania Social Security Association
TUCTA	Trade Union Congress of Tanzania
TUGHE	Tanzania Union of Government and Health Employees
TUICO	Tanzania Union of Industrial and Commercial Workers
PSPF	Public Service Pension Fund
TFRS 1	Tanzania Financial Reporting Standards 1
TMRC	Tanzania Mortgage Refinancing Company

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

To: Chairperson of the Board of Trustees Public Service Social Security Fund Head Office, PSSSF House Makole Road P.O. Box 1501 Dodoma.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the Financial Statements of the Public Service Social Security Fund (the "Fund"), which comprise the statement of net assets available for benefits as at 30 June 2022, and the statement of changes in net assets available for benefits, 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 Financial Statements present fairly, in all material respects, Net Assets Available for benefits of the Public Service Social Security Fund as at 30 June 2022 and its Changes in Net Assets Available for benefits and its Cash Flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 5 of Financial Statements, which indicates that actuarial valuation for the Fund was performed in 2021 based on the financial statements of the year ended 30 June 2020 and the funding level was established to be 22.30% which is below the recommended level of 40%. The Fund engaged the Government of the United Republic of Tanzania to pay the liability associated with pre-1999 service which was inherited from PSPF amounting to TZS 4.629 trillion. The Government issued Non-Cash Special Bond amounting to TZS 2.177 trillion on 15 December 2021, and the remaining TZS 2.452 trillion was supposed to be issued after the government completed the verification exercise. In this regard, once the Non-Cash Special Bond of TZS 2.452 trillion is issued, the funding level will

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increase to 40.24%, which is an acceptable level and signifies the ability for the existence of the Fund for the foreseeable future.

I also draw attention to Note 52 of Financial Statements, which explains that the Fund received directives from the Government to refund 5% of the members' contribution by employees terminated from public service on the basis of forged certificates. Management considers this as adjusting events because this matter was contemplated, as at 30 June 2022 there was uncertainty about the amount, which was subsequently decided. Included under Note 7 is the amount for contribution refund totaled TZS 22.19 billion being provided by the Fund as at 30 June 2022.

My opinion is not modified because of these matters.

In addition, Parametric reforms recommended by the Actuary, which the Fund has started to implement since 1 July 2022, will enable the Fund to improve the liquidity and net asset positions as benefits outgo are expected to match with contribution income. My opinion is not modified in respect of this matter.

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. These matters were addressed in the context of my audit of financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

No.	Key audit matter	How my audit addressed the key audit matter
1.	Valuation of unquoted investments in subsidiaries	
	According to Public Service Social Security Fund, assets include significant unquoted investments (assets). Investment in unlisted companies by the Fund forms a significant part of the Fund's assets. My review learnt that the total value of an unquoted investment in subsidiaries as at 30 June 2022 was TZS 250.17 billion (2021: TZS 257.77 billion), as disclosed under note 33. I considered this as a key audit matter as the valuation of unquoted investments requires the use of estimates and significant judgements such as inflation rates, gross domestic products (GDP) forecasts, cash flow forecasts, future expenditure costs, non-cash expenditure and a small change in the assumptions can have a material impact in the Financial Statements.	 I performed the following procedures: I engaged my internal actuarial specialists to assess the appropriateness of the methodology and assumptions used to account for the unquoted investments. This included comparing key data with market benchmarks and challenging the methodology used by the scheme actuary. considered whether each of the key assumptions was reasonable in isolation and collectively in determining the value of unquoted investments as at 30 June 2022; Also, I tested the existence of unquoted investments and reviewed the Financial Statements of the investee companies to determine the recognition of investment made by the Fund; and In addition, I assessed the assumptions used in the valuations by checking that the assumptions used were consistent with my internally developed range of discount rates, by comparing the cash flows to historical results and considering the impact of other

No.	Key audit matter	How my audit addressed the key audit matter
		external information; and • Further, I tested the accuracy of the calculations and assessed whether the assumptions used were in line with other market participants and reflected the particular status of the investment shareholding.
2.	Recoverability of the government loans	
	Public Service Social Security Fund had issued various loans to finance government projects. As at 30 June 2022, these loans stood at TZS 231.40 billion (2021: TZS 231.40 billion) as disclosed under note 30. There is no agreed repayment schedule by the government, but it has promised to repay these loans when the revenue collection improves. In my further review, I noted that, the recoverability of the outstanding amount of government loans was significant to my audit because of the amount of the loans outstanding being material and the likelihood of repayment being dependent on improvement in revenue collection by the government and there is no agreed repayment schedule.	 I performed the following procedures in response to the matter: I reviewed the calculations for principal and interest amounts for the loans issued to the government; In addition, I evaluated that the disclosures required in the Financial Statements about outstanding government loans were included in the Financial Statements; Further, I determined if the loans from the government were being carried at fair value; and Furthermore, I verified the amount received during the year.
3.	Investment in Msamvu Property (T) Limited	
	My review noted that in 2009 the Fund invested in Msamvu Properties (T) Limited. The value of the investment as at 30 June 2022 was TZS 10.19 billion, considering the fair value losses. The full control of Msamvu Properties (T) Limited was transferred to Morogoro Municipal Council with effect from 1 March 2020. I saw a letter with reference No. SAD/429/546/05/B/71 dated 22 October 2022 from the Chief Secretary instructed the Director General of PSSSF to send the request for refund amount invested to President's Office and Prime Minister's Office (Labour, Youth, Employment and Persons with Disabilities). I considered this to be a key audit matter since the investment repayment process was still in progress at year end. I also consider being a risk because, despite the Fund's disclosures in note 34, the government has yet to verify and confirm the amount refunded to PSSSF.	 I performed the following procedures in response to the matter: I reviewed correspondences between the Fund and Morogoro Municipal Council relating to transferring the Investment. I reviewed the correspondence between the Fund and the Ministry of Finance and Planning regarding the modality of compensating the Fund; I reviewed the valuation of investments in unquoted Companies to determine the fair value; and I have inquired management on the progress of the recoverability of the investment in Msamvu Property (T) Limited.

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Other Information

Management is responsible for the other information. The other information comprises the 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 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 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 **REPORT ON COMPLIANCE WITH REGISLATIONS**

1.2.1 Compliance with the Public Procurement Laws

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

I performed a compliance audit on the procurement of works, goods and services in the Public Services Social Security Fund for the financial year 2021/22 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of works, goods and services of Public Services Social Security Fund is generally in compliance with the requirements of the Public Procurement Laws.

Absence of Minimum Insurance Covers for Tenders Worth TZS 4,163,057,176

Clause No. 8 of the Special Condition of Contract and clause No. 16.1 of General Condition stipulates that, the contractor shall provide, in the joint names of the employer and the contractor, insurance covers from the commencement date to the end of the defects liability period.

On the contrary, I was not availed insurance covers as evidence for compliance with terms and conditions for three executed tenders worth TZS 4,163,057,176 for audit verification.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Public Services Social Security Fund for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

December 2022

Based on the audit work performed, I state that the Budget formulation and execution of the Public Services Social Security Fund is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

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

FUND'S INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

MAIN BANKERS

Public Service Social Security Fund, Head Office, PSSSF House, Makole Road, P.O. Box 1501, Dodoma, Tanzania.

CRDB Bank Limited Plc, Head Office, Ali Hassan Mwinyi Rd,, P.O. Box 268, Dar es Salaam, Tanzania.

NMB Bank Plc, Head Office, Ohio Street, P.O. Box 9213, Dar es Salaam, Tanzania

National Bank of Commerce Limited, Head Office, Sokoine Drive, P.O. Box 1225, Dar es Salaam, Tanzania.

Azania Bank, Mawasiliano Tower, Sam Nujoma Road P.O. Box 32089, Dar es Salaam, Tanzania.

SECRETARY TO THE BOARD:

PARENT MINISTRY:

The Director General, Public Service Social Security Fund, PSSSF House, Makole Road, P.O. Box 1501, Dodoma, Tanzania.

Prime Minister's Office, Labour, Youth, Employment and People with Disability, Kazi Street, Government City, Mtumba, P.O. Box 1923, Dodoma, Tanzania.

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ULTIMATE CONTROLLING ENTITY:

AUDITORS:

The Government of the United Republic of Tanzania.

The Controller and Auditor General, National Audit Office, Audit House, Tambukareli, P.O. Box 950, Dodoma, Tanzania.

Ernst & Young, EY House, Plot No 162/1, Mzinga Way - 14111 Oyster bay, P.O. Box 2475, Dar es Salaam, Tanzania.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

1. INTRODUCTION

The Trustees submit their Governance Report as per TFRS 1 together with Audited Financial Statements for the period of 12 months from 1 July 2021 to 30 June 2022 with comparable report period of Financial Year 2020/21 and forward-looking Information for the Financial year 2022/23 as the standard requires the report to include prospective information. The Report provides information on future development, operations, financial position, cash flows position, the governance systems and structure of the Fund.

The Governance report replaces the Directors' Report that the NBAA issued on 1 January 2010; it becomes operative for Financial Statements covering accounting periods beginning on or after 1 January 2021.

2.1 NATURE OF OPERATION

The Public Service Social Security Fund was established by the Public Service Social Security Fund Act, Cap 371 ("PSSSF Act"). The Act repealed the Public Service Retirement Benefits Act, the LAPF Pensions Fund Act, the GEPF Retirement Benefits Fund Act and the PPF Pensions Fund Act and applies in Mainland Tanzania in respect of all employers and employees in the Public Service. The main purpose of the Fund is to provide for collection of contributions and payment of benefits to its members.

Under the Act, the contributions payable by an Employer is 20% of the employee's monthly salary, constituting 5% deducted from the employee's salary and 15% contributed by the employer. The Minister responsible for Social Security can vary these rates by an order published in the Government Gazette.

Public Service Social Security Fund has its Head Office in Dodoma and Sub Head Office in Dar es Salaam. The Fund has one office in Zanzibar and ten Zonal offices serving twenty-three Operating Regional offices in Mainland Tanzania. As part of strategies to ensure that services to members in the Dar es Salaam region remain effective, the Fund operates three Zonal offices.

2.2 THE MARKET

Fund market under the provision of Section 5 of PSSSF Act, are all employees in the Public Service, including Public Entities in which the Government has at least 30% of the shareholding. PSSSF receives contributions in the ratio of 15%:5%, from the employees and employees respectively.

During the year, the total number of employers were 974 (June 21:932), the increase in the number of employers is due to new employers during the period and qualification of some private employers to public entities. These include Local Government Authorities, Central Government, Independent Government Departments, Corporations and Public Entities. As at 30 June 22, the Fund had 717,943 (June 21: 705,489) Members, comprising of 594,417 active and 123,526 dormant members. The dormant members apart from those without contributions remittance for a period of 12 months, there are also members who were

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

terminated due to forgery of education qualifications and those awaiting to be verified with their respective National Identification Authority (NIDA) numbers.

Following the merging of Pensions Funds reconciliation of members' database between NSSF and PSSSF is in progress; during the year, 424 members were transferred from NSSSF and 20 members were transferred from PSSSF to NSSF data cleaning resulted in recognition of 12,729 members and the elimination of 4,080 duplicate members.

Table 1: Members of the Fund

Details	2021/22	2020/21
Opening Members as at 1 July	705,489	697,677
Add: Data cleaning	8,649	1
Add: New and reactivated Members	19,910	27,120
Add: Members transferred from NSSF	404	8,873
Less: Paid Members	(16,509)	(14,543)
Less: Duplicate Members from ex-Funds	•	(248)
Total Members as at 30 June	717,943	705,489

Source; PSSSF Members Administration System

2.3 OPERATING ENVIRONMENT

According to the Africa Development Bank, Tanzania GDP grew at 4.90% in 2021, up from 4.8% in 2020. Growth was driven by agriculture and services on the supply side and final consumption and investment on the demand side

Monetary policy remained tight, which stabilized inflation at 3.3% in 2020 and 3.7% in 2021. The Tanzanian shilling remained stable in 2020-21, depreciating by only 0.2% against the US dollar. The ratio of NPLs to gross loans fell to 9.4% in March 2021 from 11.0% in March 2020 but was still above the statutory requirement of 5%.

The environment in which the Fund operates and other trend and factors that may impact value creation has been outlined in table 5 below.

2.4 VISION AND MISSION OF THE FUND

Vision Statement

To be an outstanding provider of social security services in Tanzania.

Mission Statement

To provide high quality social security services using competent, motivated staff and appropriate technology.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Corporate Core Values

Core values and culture establish beliefs and principles that guide employees to perform their work that aims to achieve vision of the Fund. In that context, employees of the Fund should possess the following core values.

Table	2:	Core	Values
10000	<u> </u>	0010	ruiucs

Core values	Description
Customer focus	We value our customer by providing accurate, courteous, and timely services.
Integrity	We are honest, ethical, trustworthy, and consistent in our words and actions.
Teamwork	We achieve the best for our customers through effective teamwork.
Professionalism	We have workforce that is highly valued in specialized knowledge, skills, excellence, attitude, and accountability.
Efficiency	We work with focus yet fast, economical, flexible, and yet simple

2.5 MATERIAL ISSUES

These are the factors which the Trustees believe could materially impact Funds' ability to implement the planned strategies in order to serve members and other stakeholders, therefore the analysis of these matters, nature and the actions taken by the Trustees to mitigate the issues are shown on the table 3below

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 3: Material Issues

Issue	Risks	Mitigation/Response
People	People are the core resource of all Funds' operations, in order to meet and deliver planned objectives. Shortage of skilled personnel and failure to equip our staff with new technological	onducted Culture change training to changing work environment
	development, could impact service delivery and achievement of long-term strategic objectives.	to equip start with new updates, targeted training program has been developed and approved by the Board
		Ine Trustee develop and retain starf by offering attractive fringe benefits including salary, funeral and medical support,
Members Benefit payment	Members are the primary stakeholders of the Fund; their el Davments are of paramount immortance and maintaine	 Frovue au start with working tools, ornces and alike The Fund has automated key process in order to fasten benefit
	reputation of the Fund	Processing, To bring service closure to members, the Fund have regional offices
	Failure or delay to pay members benefit on time may ruin reputation of the Fund .	In all regions in mainland Tanzania and one office in Zanzibar. Ten Zonal offices have the mandate to pay up to TZS 80 million member's benefits.
		 Trustees brand the Fund, implement Staff Charter and Client Service Charter and conduct Customer Satisfaction Survey semi- annual
Information and communication Technology	Meeting members and others stakeholders' expectations, need of innovative solutions and superior experiences is critical to maintaining high-quality relationships with them.	 The Fund invested in emerging technologies to ensure that the way it operates and solutions provided to our customers are industry leading
	A failure to recognize and adapt to change in information and communication technology on time could impact our reputation	The Fund has automated critical key process and developed digital mobile application to bring the service close to members
Regulatory compliance	The Fund regulatory compliance are fundamental to operation and member service delivery	 Key regulators have been earmarked and their reporting requirements, pronouncements and policies are complied with
	The Fund operates under changing regulatory environment and reporting requirement, failure to comply with regulatory requirement could adversely affect Fund ability to attain set vision and mission	
Pre-99 contribution receivable and Government Loans	The Fund Supported Government initiatives by engaging in constructions of strategic projects like Bunge buildings, Hombolo local Government College and University of Dodoma.	Trustees engaged the Government for payment of loans and pre- 1999 contribution receivable of TZS 2.45 trillion in order to raise the current Funding rate of 27% to 40% as ideal to the soctor
and Pre-99	Nonpayment of pre-99 contribution receivable and non-servicing of the Loans affect solvency and reduces the Fund's ability to meet its maturing benefit obligations, other statutory and administrative cost	

AR/PA/PSSSF/2021/22

Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.6 RESOURCES

In pursuit of the Fund's objectives, the Trustees use resources both tangible and intangible to function and execute plans, which include Human resources, financial, intellectual, natural, and social and relationship resources as described below:

2.6.1 Financial and Tangible resources

The Trustees maintain an optimal level portfolio of financial and other tangible resources to support its day-to-day operation obligations, the Fund's cash and cash equivalents as at 30 June 2022 was TZS 201.17 billion (2020/21: TZS 282.94 billion), available for financing growth strategies, investment opportunities and to meet regulatory requirements.

During the year under review, the Fund accounted contribution amounting to TZS 1,526.27 billion to fund payment of benefit and additional investment. The Fund has invested on Government securities, Unlisted Equities, Listed Equities, Term Deposits with Financial Institutions and collective schemes. The income from investments during the year amounted to TZS 587.56 billion (2020/21: TZS 612.42 billion). For further details about the investment income, please refer to Table 7 on Operating and Financial Review.

Total assets of the Fund amounted to TZS 8,028.99 billion (2020/21: TZS 8,240.21 billion) representing decrease of 2.56%. For further details about the total Assets of the Fund refer to Table 13

2.6.2 Human Resources

People are the core of all our operations, as at 30 June 2022 the Fund had a total of 672 employees being 313 female (2020/21: 313) and 359 male (2020/21: 362). The Trustees have established a relevant organizational structure in place and conduct rigorous staff performance management that forms baseline for promotion of staff, during the year 506 members of staff were promoted after demonstrating capacity to handle greater roles.

Trustees creates conducive environment and enabling culture, during the year the Fund has incurred TZS 56.24 billion (2020/21: TZS 54.41 billion) on staff salary emoluments and TZS 1,650 million (2021/21: TZS 1,601 million) applied on staff capacity building. Trustees are concerned with employee's health and their dependents, so have outsourced the function to NHIF covering employee's health, medical expenses incurred amount to TZS 1,348 million (2020/21: TZS 1,240 million).

During the year the Fund paid employee funeral expenses TZS 142.14 million (2020/21: TZS 146.4 million) as support for employee death or beneficiary, social security cost paid to defined benefits plan amount to TZS 4,976.29 million (2020/21: TZS 4,821.53 million).

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.6.3 Natural Capital

This includes all renewable and nonrenewable environmental resources and processes that provide service to members and other stakeholders; it includes air, water, land, minerals, oil or gas and forest.

The Fund comply with all environmental protection provision and safety requirement to preserve environment, the Trustees invested on Land for capital appreciation the value of land stood at TZS 58.88 billion (2020/21: TZS 57.63 billion). Movement represents fair value adjustments.

2.6.4 Social & Relationship Capital

The Trustees believe that the Fund can only prosper if the communities that have given the social license to operate thrive. This is what forms the baseline of the social and relationship capital. In an effort to maintain Funds' reputation and brand Value during the year, the Fund continued to make targeted investments to boost brand value through sponsorships, stakeholder engagements and supporting Government initiative. The Fund spent TZS 459.06 million (2020/21: TZS 142.98 million) as donations to support the community in which the Fund operates. Substantial amount of TZS 200 million out of TZS 459.06 incurred during the year under review was paid for promotion of Tanzania natural resources to the world.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.6.5 Intellectual Capital:

This includes technical expertise, and the ability to be creative and innovative in provision of services and deployment of technologies, The Trustee have automated most of the functions, which improve employee's productivity and reduce operational cost.

Innovation has resulted in better customer experience and improved system efficiencies; The Trustees has innovated digital mobile service and are constantly challenged to adapt to digital trends with a view to meet our members' and other stakeholders needs.

Active member or retired member can download an Application (PSSSF Kisangani) via android and iOS systems on smart mobile phone, with such digital App, a member can read bio data, track logged claim, view and download contribution statement. Whenever there are new technologies that the Trustees feel will have a positive impact on Fund's operations, they gradually incorporate them into Fund's business processes.

The Fund pays license fees for various software also has incurred cost on acquisition of Human resource management system, Customer relation management system (CRM), Documents management system (Laser fiche), Financial management system (NAV) as well integrated with Government systems and other stakeholders' systems. As at 30 June 2022 intangibles assets stood at TZS 981.95 million (2020/21: TZS 993.60 million).

The greatest factor affecting the availability and quality of these resources are cost of acquisition and maintenance

2.7 OBJECTIVES AND STRATEGIES

The Trustees have defined objectives in terms of financial performance as well objectives in non-financial areas that are aligned to the following key themes, Customer Services Excellence, Financial Sustainability and Operational Excellence.

2.7.1 MAIN OBJECTIVES OF THE FUND

(a) Short-term Objectives

The Trustees have the Annual Plan for Financial Year 2021/22 that break down the strategy into smaller components in order to make it actionable and implementing the Strategic activities spelt out in the current Corporate Plan, focus is on Retention rate of 95% and employees' level of satisfaction of a least 80% annually.

(b) Medium -term Objectives

The Trustees consider a Medium Term of three years to range between 2021/22 - 2023/24. The Fund developed three years' objectives which will be a focus of its performance from which annual targets are set to be achieved every year, mainly focus to Optimize Operational activities 100% Compliance to Laws, Regulations and Governance framework.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

(C) Long-term Objectives

These are spelt out in the Five Years Corporate Plan 2019/20 - 2023/24 The Plan focuses on service delivery by ensuring that the Fund is Sustainable financially, members are served using competent and availability of motivated staff with proper technology.

2.7.2 THE FUND'S STRATEGIES DURING THE PERIOD

In achieving these main objectives, the Fund pursues the following strategies:

- (a) Increasing compliance rate with regard to remittance of contributions;
- (b) Reducing benefit processing period;
- (C) Implementing Defined Contribution Scheme (DCS);
- (d) Diversifying investment portfolio and focusing on high yield investments; and
- (e) Enhancing conducive working environment and improving staff welfare.

2.7.3 OBJECTIVE IN TERMS OF FINANCIAL PERFORMANCE

In the Financial Year 2021/22, the Fund collected TZS 2,434.27 billion (2020/21: TZS 2,524.56 billion) against the target of collecting TZS billion 2,440.70 equivalents to 99.7% of the set target.

The amount collected was spent in the planned activities of the Fund. The Fund spent TZS 2,515.87 billion (2020/21: TZS 2,435.89 billion) against the target of spending TZS 2,440.70 billion which is 103% of the set target. Over spending attributed by investments on fixed deposits.

The Trustees have prepared the forward budget estimate for the year 2022/23, the Fund has planned to collect TZS 2,562.73 billion from various sources and expect to spend TZS 2,185.75 billion on recurrent expenditures and TZS 376.98 billion on development

Table 4 below shows: Objectives, Performance Indicators Financial & Non-Financial and related strategic activities

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 4: Objectives, Performance Indicators Financial & Non-Financial

Objectives	KPI / Measures	Targets	Strategic Activities
Enhance contributions collection	Amount of contributions collected	TZS 1,584.76 billion collected by June 2023	• To register 26,917 new members, to collect TZS 69.05 billion as outstanding contribution, to collect TZS 1,515.71 billion as contribution income by June 2023
			• To develop mechanism to identify, register and collect contributions within 2 months from employment date on first appointment and to maintain operational expenditure at 5% of contribution by June 2023
Enhance Growth of Revenue	Amount of Revenue collected	TZS 943.46 billion of Revenue collected by June 2023	 To collect TZS 512.91 billion from investments, to collect TZS407.09 billion from Maturity monies by June 2023
			 To collect TZS 23.46 billion from other sources by June 2023
Increase customer satisfaction level	% of customer satisfaction level increased	85% of level of customers satisfied by June 2023	 To brand the Fund, to implement Staff Charter (SLA) and Client Service Charter and to conduct Customer Satisfaction Survey by June 2023
Enhance Performance Management System	% of Performance Management System enhanced	100% of performance Management System enhanced by June 2023	 To implement by 100% the PSSSF Performance management System, to monitor staff performance by using PSSSF Performance management System by June 2023
Improve Quality of Services	% of quality of services improved	100% of services provided achieved by June 2023	 To provide quality services to external and internal customers by 100% by June 2023
Enhance technology	% of technology enhanced	90 % of technology enhanced by June 2023	• To enable system availability all the time £to manage all risks by 100% by June 2023
Enhance Institutional Compliance	% of institutional standards Complied	100% Of institutional standards complied by June 2023	 To conduct risk assessments quarterly to determine compliance level £to conduct risk assessment audit to determine level of compliance quarterly by June 2023
Enhance staff competence, welfare, and productivity	% of staff competence& welfare level enhance	 95% of staff competence & 100% welfare enhanced by June2023 	 To conduct Culture, change training to all staff & to implement the approved 2022/23 training plan by June 2023
Enhance Staff welfare	 % of staff welfare enhanced 	 100% of staff welfare enhanced by June 2023 	 To cover all staff by 100% on medication & to provide all staff with working tools, offices and alike by June 2023To introduce sports and games in the Fund & to design and develop staff incentive schemes by June 2023
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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.7.4 ENVIRONMENT SCAN

The Trustees carried out an analysis of the trends and factors that could affect Fund's operations in the future in order to identify the challenges and opportunities facing the Fund. PESTEL (Political, Economic, social, Technological Environmental and Legal) analysis was carried out to determine factors in the Macro environment that could affect the Fund operations. The outcomes of the PESTEL analysis were used to refine strategic issues depending on Strength, Weaknesses, Opportunities and Challenges. The Table below shows PESTEL analysis:

	Dolitical Eactors		-
			Impact to the Fund
•	Peace and tranquility will continue to prevail in the country	•	Investments in Public Private Partnerships hence
_			diversification on investments.
•	Corporations with associations and a member of FCASSA	•	Interactions with ECASSA/ ISSA to learn on
	ġ		experiences and new products.
	SADC and AU.	•	Impact on sustainability and ability of the Fund
•	Continuous changes in policies and Government directives		to predict its future.
		•	More members hence more contributions.
	Economic Factors		Impact to the Fund
		•	rate normally
	Government target by 2024:		growth of employment
•	Real GDP growth rate of 10.0%. with per capital of US\$ 1500 current		which the Fund obtains members.
	prices	•	A single digit inflation rate will enable the Fund to
•	Inflation rate contained at 5%;		obtain better real return from investments.
٠	Nominal Exchange Rate (TZS/USD 1), 2,185.62;	•	Xa
•	Reducing lending interest rates to single digit:		
			more inve
	Five Years Development Plan on industries.		ווובוווחבוא נט נווב במוומ.
•	Construction of 2,100 MW Rufiji Hydro Electric Plant	•	Open up new avenue of invectment concertuaities
	(Stigler's gorge).		lization.
•	Construction of 200km SGR Line from Dar-es-salaam to	•	: that will expand the
	Morogoro and 226km from Morogoro to Dodoma.		to join the Fund.
•	Revamping of Air Tanzania Corporation Limited and		
	19		

Table 5: PESTEL analysis and its impact on the Fund

Controller and Auditor General

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Social Factors	Impact to the Fund
Tanzania's labour force is growing at around 2.3 percent per annum and there were 25.8 million percons in the working 200	 Sustainability of the Fund, as more member will be contributing as compared to exiting members.
group in 2014 compared to 21.0 million persons in 2006. Of which 87 persons in 2006. Of	Create employment that will expand the potential base for members to inin the Eurod thus increases
אוווגנון, פע אפר כבוור מוב פרטווטוווגמונץ מכנועפ.	ה להוו היה הוות
	e in payment of premature
	for death case
Review of Tanzania's mortality and fertility data show that Tanzania is in the second stage of the demographic transition	uabluty to the fund to pay survivors pensions will decrease.
with falling mortality rates and persistently high birth rates.	will continue to contribute to
	it age thus will create a cushio
	matching the members' contribution and benefits obligations.
Technology Factors	Impact to the Fund
Bv 2024 Gavernment targets and	Enhance online and automation of various
• E-Government Infrastructure -	nts of benefits)
All public institutions connected to secure Government	 milprove productivity and service delivery through mobile apps, social media, foll free calls and built
Government to connect all its public institutions to GePG	 Integration with banking systems, NIDA and TRA for easy identification of members
Environment Factors	
Growing awareness of the potential impacts of climate	
is affecting how	Establishment of potential industries in the Country
products they offer.	pers and contributions.
 Availability of different crops in the country 	
Legal Factors	Impact to the Fund
Registration of law and regulations that are passed by the	
	ry in
Source: National Five Years Development Plan II: http://www.mof on tz/mofdors/msemaii/Five%202016 17 2020 21 24	milpact the fund 5 day to day operation.

CorporatePlan2019/20-2021/22.and 2019/20-

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.7.5 ENTITY'S OPERATING MODEL

The Fund's system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil the strategic objectives and create value over the short, medium and long term is as follows:

L		$\left \right $			
	INPUT	0	OPERATING ACTIVITIES	OUTPUT	OUTCOME
•	Human capital	•	Registration of Members and contributing	 Investment's income 	Employees: TZS 56.24 billion.
•	Other		employers;	Fixed deposit TZS 18.01 billion	paid as salaries and Benefits to
	resources both	•	Collection of Members' contributions from	Treasury Bonds TZS 430.19 billion	employees
	Tangible and	_	employers:	 Non-Cash Bonds TZS 68.97 billion 	- Investments.
	Intangible as			Other interest TZS 11.85 billion	
	ä	•	Investment of surplus funds in profitable	 Rent income TZS 30.39 billion 	employment
	1.6 above	_	investments;	 Dividend from subsidiary and 	Regulators: Davment of
	-			joint venture TZS 26.82 billion	tax expenses T
•	Subvention	•	Dispursement of pension, gratuity and	Payment of Benefits expenses TZS	-
		_	בהולולים בל גר - א בנ	1.69/ Dillion	
	Government		provisions of the Act;		 Members benefit processing
_		•	Advising the Minister reconside for	People career development and	time reduced due to
•	Contribution	•	Labour on mattor relation to the	advancement opportunities to ensure	computerization of processes
_	Trom members		administration of the Act: and	we attract and retain competent	and reduction of resource usage.
				start	
		•	Doing all such acts and things and to		 Fund conducted Corporate
					Social Responsibility initiatives
			oninion of the Board may be accorded		worth TZS 459.06 million,
		_	י טו נווב שטמוט, ווומץ שב וו דרי		granted on education and
			iu ure proper and erricient		support of various governments'
_			administration of the Fund.		initiative
		•	Robust ICT infrastructures		

Table 6: Entity Operating Model

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.8 BENEFITS PAYABLE UNDER THE SCHEME

The benefits payable under the Fund are Retirement, Death, Survivors, Invalidity, Maternity, Unemployment and Sickness. The Fund is also finalizing payments of the inherited education benefit to the respective beneficiaries up to form six. The details of the benefits are as illustrated here under -

2.8.1 Retirement *Benefits*

The compulsory age of retirement is 60 years. A Member may opt to retire voluntarily from the age of 55 years. Members whose statutory terms of employment prescribe an age of retirement shorter or longer than the age of 55 to 60 years will retire in accordance with such prescribed terms. In addition to that, for a member to qualify for retirement benefit he must have a contributing period of at least 15 years.

Benefits are payable on retirement upon meeting the following conditions:

- (a) Upon attaining the age of 60 years which is compulsory age of retirement;
- (b) On or after attaining the age of fifty-five years which is a voluntary retirement age;
- (C) On medical evidence to the satisfaction of the employer that he is incapable of discharging duties of his office by reason of becoming invalid;
- (d) On termination of employment due to abolition of office;
- (e) On termination of employment in the public interest;
- (f) Upon cessation to hold constitutional office pursuant to the provisions of Article 72 of the Constitution;
- (g) On termination of employment due to retrenchment;
- (h) On termination of employment due to appointment of political post where there is specific arrangement for retirement benefit; and
- (i) On termination of employment due to restructuring of office.

A special lump sum is payable to a member who attains the above listed conditions but has not contributed for a period of at least 15 years (180 months). Furthermore, special lump sum is also paid to a member who has emigrated from the United Republic of Tanzania.

2.8.2 Maternity Benefits

Under this category, members are entitled to cash benefit equivalent to a respective member's basic salary but not more than TZS 1,000,000.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Maternity benefit is payable to a Member who has contributed for at least 36 months upon receipt by the Director General of a medical certificate from an accredited medical provider certifying that the female member expects delivery of a child. Maternity benefit is also paid to a member who has still-birth as cash benefit at the rate of 33.3% of the respective member's basic salary which is not more than TZS 1,000,000.

A Member shall not be paid maternity benefits for more than four times in the Member's employment cycle.

2.8.3 Invalidity Benefits

An invalidity benefit is payable to a member who is recommended by a competent authority that by reason of physical or mental disablement, the member cannot perform his duties provided that, the cause of his disability is not related to occupational diseases contracted out of work or in due cause of the Member's employment. The amount payable if contributed for at least 15 years will be paid the same as retirement benefit, and if less than 15 years would be paid special lump sum.

2.8.4 Unemployment Benefits

A member who ceases to be employed is entitled to unemployment benefit. Unemployment benefit is paid to a member who is terminated or ceased to be employed in the circumstances other than resignation, a citizen of the United Republic of Tanzania and is not pensionable.

2.8.5 Death Gratuity

Where a member dies while in Service, the Director General shall grant the dependents a death gratuity of commuted pension gratuity (CPG) if the deceased contributed for a period of at least 15 years and a special lump sum if the deceased member contributed for a period of less than 15 years.

Where a deceased member is not survived by a widow, widower or dependent child or children and if his parents were wholly or mainly depending on him for support and without adequate means of support, the Director General shall grant to his parents an amount not exceeding the pension which might have been granted to his dependents.

2.8.6 Survivors Benefits

Survivor's benefit is payable to the dependent of deceased member if he contributed to the scheme for a period of at least 15 years. Therefore, in addition to the commuted pension gratuity (CPG) the Director General may, upon satisfaction on the basis of evidence as may be required:

(a) Pay the monies direct to the widow or widower for the maintenance of herself or himself and the Member's children who were depending on him or her at the time of death;

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

- (b) Where there is no widow or widower, pay the monies, in such proportions as he may think fit, direct to a guardian of the children of the Member to be applied (i) to the maintenance of the child or children of the deceased; (ii) to any child of the Member who is of full age but who is incapable of work by reason of bodily or mental disablement and (iii) to any other dependent;
- (C) Pay the monies to the executor or administrator of the deceased's estate where there are more claims than one coming from the widow, widower or dependents; or
- (d) In any other case, pay the monies to the Administrator-General who shall hold them on trust for the Members of the family or other persons found to be entitled under this section.

Where a Member dies while receiving retirement or invalidity pension, his dependents shall be paid a lump sum equal to the deceased's Member monthly pension times 36.

2.9 MANAGEMENT OF THE FUND

The Fund is under the supervision of the Board of Trustees and the day-to-day management entrusted to the Director General. During the period, the Board composed of 11 nonexecutive Trustees. The tenure of the Board of Trustees is three years with re-appointment eligibility. The President of the United Republic of Tanzania appoints the Chairman while the Minister responsible for Social Security appoints other Trustees. The composition of the Board is tripartite, with representatives from the Government, Contributing employers and the employees. The Board reports to the Minister responsible for Social Security, who may, from time to time, issue directives, as may be deemed appropriate. See Table 26 for Trustee details.

The Organization Structure of the Fund comprises of the following directorates/Unit:

- (a) Operations;
- (b) Planning and Investments;
- (C) Finance;
- (d) Human Resources and Administration;
- (e) Information and Communication Technology;
- (f) Procurement Services;
- (g) Internal Audit;
- (h) Legal Services;
- (i) Actuarial Services and Risk Management; and
- (j) Public Relations and Members Education.

All Members of the Management report to the Director General. The Director General reports to the Board of Trustees. The Director of Internal Audit reports, administratively, to the Director General and to the Board Audit Committee on functional matters.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.10 OPERATING AND FINANCIAL REVIEW

ANALYSIS OF STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

2.10.1 Additions to Net Asset

(a) **Contributions**

As reflected in the Statement of changes in net assets available for benefits, contributions during the year amounted to TZS 1,526.27 billion (2020/21: TZS 3,597.61 billion), which represents decrease of 57.58%. The decrease is due to recognition of contribution income in relation to pre 1999 contributions done in previous year following the Government of the united republic of Tanzania issuing non-cash special Government Bonds to honor the debt. If non-cash special Bond is not considered contribution would have increased by 7.42% from TZS 1,420.87 billion to TZS 1,526.27. The increase is attributed by salary increase due to promotions of public sector employees.

(b) Investment Income

The income from investments during the year amounted to TZS 587.56 billion (2020/21: TZS 612.42 billion). The investment income earned during the year represents decrease of 4.06%. The overall decrease is attributed by fair value losses specifically in subsidiaries, Investment Properties and Other Fair Value losses (Tradable Inventories). For further details, kindly refer to note 31, 32 and 34 for details).

The investment income category that has significant impact on the overall investment income are interest income from Treasury Bonds which contributes 73.22% of the total investment income (2020/21: 62.08%), Special Non Cash Bonds 11.74% of the total investment income (2020/21: Nil) and rent income with a contribution of 5.17% of the total investment income (2020/21: 5.43%). Details of Investment income are shown below

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	30-Jun-22	30-Jun-21	30-Jun- 22	30-Jun-21
Interest income Calculated Using Effective Interest Rate	TZS '000	TZS '000	% of the total	% of the total
Treasury Bonds	430,190,041	380,216,910	73.22%	62.08%
Special Non-Cash Bond	68,966,679		11.74%	0.00%
Corporate Bonds	435,669	1,372,753	0.07%	0.22%
Sub total	499,592,389	381,589,663	85.03%	62.31%
Other interest and similar income				
Placement in Banks	18,011,898	15,372,716	3.07%	2.51%
Corporate loan	1,187,955	2,689,346	0.20%	0.44%
Saccos Loan	194,096	421,314	0.03%	0.07%
Other loans	320,032	1,177,134	0.05%	0.19%
Other interest income	11,846,865	8,151,577	2.02%	1.33%
Sub total	31,560,846	27,812,087	5.37%	4.54%
Dividend and share of profits				
Listed equities	26,465,320	40,109,557	4.50%	6.55%
Collective investments	352,427	173,553	0.06%	0.03%
Unlisted equities	200	784,663	0.00%	0.13%
Sub total	26,817,747	41,067,773	4.56%	6.71%
Rental Income				
Rent	28,256,742	31,324,464	4.81%	5.11%
Parking fees	1,134,373	1,233,587	0.19%	0.20%
Conference halls	998,869	698,717	0.17%	0.11%
Hire purchase - interest		-	0.00%	0.00%
Sub total	30,389,984	33,256,768	5.17%	5.43%
Grand Total	588,360,966	483,726,291	100.14%	78.99%
Fair Values Changes	(798,145)	128,691,815	-0.14%	21.01%
	587,562,821	612,418,106	100.00%	100.00%

Table 7: Details of the investment income

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

(C) Fair Value Changes

During the year, the Fund recorded in aggregate a fair value loss amounting to TZS 0.79 billion (2020/21: gain of TZS 128.69 billion).

Table 8: Changes in Fair Values

CHANGES IN FAIR VALUES	30 June 22	30 June 21
	TZS' 000	TZS' 000
Listed Equities	44,624,531	66,020,476
Unlisted Equities	10,891,140	11,073,867
Collective Schemes	22,573,696	55,911,779
Investment properties	(65,672,017)	(17,027,384)
Associates and Joint Ventures	1,229,823	20,709,140
Subsidiaries	(7,264,867)	(7,672,524)
Other fair values changes	(7,180,451)	(323,539)
Total	(798,145)	128,691,815

Source; PSSSF Audited Financial Statements

(d) Other Income

Other Income amounted to TZS 36.54 billion (2020/21: TZS 34.26 billion). The increase was mainly attributed by reversal of prior year over provided expenses especially on benefits.

2.10.2 Deductions from Net Assets

a) Benefit Expenditure

Benefit expenses amounted to TZS 1,697.82 billion (2020/21: TZS 2,187.05 billion) which represents decrease of 22.37%.

Benefit expenses that have significant impact on overall benefit expenditures are the retirement benefits which had 41.26% of the total benefits expenditure and the monthly pensions which had 41.87% (2020/21: 61.44%; 30.21% respectively). Decrease was mainly attributed by correction of error in provisions for retirement allocated in current year since it was difficult to allocate in specific period and reduction in number of early retirements.

	30 June 22		30 June 21	
	TZS '000	%	TZS '000	%
Retirement Benefits	700,434,880	41.26%	1,343,729,871	61.44%
Monthly Pensions	710,899,963	41.87%	660,678,884	30.21%
Withdrawals	83,910,249	4.94%	63,028,899	2.88%
Death Benefits	123,565,633	7.28%	96,182,246	4.40%
Education Benefits	976,612	0.06%	1,221,029	0.06%
Invalidity Benefits	1,600,411	0.09%	1,600,185	0.07%
Maternity Benefits	18,262,017	1.08%	8,894,804	0.41%
Unemployment Benefits	1,418,648	0.08%	1,831,482	0.08%
Contribution Refunds	56,749,260	3.34%	9,886,195	0.45%
Grand Total	1,697,817,673	100%	2,187,053,595	100%

Table 9: Benefit Expenses

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Year ended	Contributions	Benefits	Net Deficit/ Surplus	Benefits/ Contributions
	TZS billion	TZS billion	TZS billion	%
30 June 22	1,526,268,288	1,697,817,673	(171,549,385)	111.24%
30 June 21	3,597,611,693	2,187,053,595	1,410,558,098	60.79%

Table 10: The ratio of benefits to contributions:

Source; PSSSF Audited Financial Statements

b) Administrative Expenses

During the year, total administrative expenses of the Fund amounted to TZS 73.06 billion (2020/21: TZS 69.97 billion). When measured against the previous year, the administration expenses increased by 4.41% and were mainly due to increase in staff costs following promotions of most of the staffs.

The ratio of the total administrative expenses to the total contributions was 4.79%. With increasing automation of the Fund's processes, we expect further administrative expenses reduction in the forthcoming years.

Further analysis of the administrative expenses is shown in Table 11 below.

Administrative Expenses	30-Jun-22	30-Jun-21	% Increase/	
Administrative Expenses	TZS' 000	TZS' 000	(Decrease)	
Staff Costs*	56,235,608	54,406,044	3.36%	
Board of Trustees Fees	58,523	103,375	-43.39%	
Other Board Expenses	477,626	398,856	19.75%	
Audit Fees	520,884	510,884	1.96%	
Tender Board Expenses	438,124	318,970	37.36%	
Legal Expenses	449,106	679,363	-33.89%	
Insurance Expenses	390,224	395,067	-1.23%	
Bank Charges and Commissions	223,589	241,326	-7.35%	
General Operational Expenses**	14,268,187	12,921,070	10.43%	
Total	73,061,871	69,974,955	4.41%	

Table 11: Analysis of Administrative Expenses

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Analysis of Staff Co	sts
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*Analysis of Staff costs	30-Jun-22	30-Jun-21	% Increase/	
Analysis of Stall Costs	TZS' 000	TZS' 000	(Decrease)	
Staff Salaries	31,781,669	30,504,377	4.19%	
Staff Allowances	10,505,683	10,752,491	-2.30%	
Extra duty	668,988	715,769	-6.54%	
Social Security Contributions	4,976,289	4,821,534	3.21%	
Skill and Development Levy	1,839,295	1,847,432	-0.44%	
Medical Expenses	1,348,003	1,240,379	8.68%	
Leave Expenses	2,456,434	2,514,459	-2.31%	
Staff Transfers	1,063,991	936,066	13.67%	
Staff Refreshments	447,676	393,374	13.80%	
Terminal Expenses	120,997	116,428	3.92%	
Other Employee Expenses	1,026,583	563,735	82.10%	
Total	56,235,608	54,406,044	3.36%	

Analysis of General Expenses

**Analysis of General expenses	30-Jun-22	30-Jun-21	% Increase/
Analysis of General expenses	TZS' 000	TZS' 000	(Decrease)
Workers Council & Committees	592,964	280,405	111.47%
ICT Software Expenses	2,445,201	1,821,317	34.25%
Stationery and Consumables	1,921,095	1,122,703	71.11%
National Holiday and Sports	150,293	81,794	83.75%
Repair and Maintenance Expenses	824,331	957,904	-13.94%
Entertainment Expenses	56,450	73,741	-23.45%
Travelling Expenses	4,115,708	3,442,692	19.55%
Fees and Subscription	60,660	132,816	-54.33%
Office Cleaning	238,978	266,210	-10.23%
Security Expenses	489,760	421,366	16.23%
Staff capacity building	1,650,364	1,601,374	3.06%
Office Electricity	138,643	263,232	-47.33%
Office Rent	518,855	564,674	-8.11%
Telephone expenses	362,940	513,272	-29.29%
Postage and courier expenses	79,668	117,311	-32.09%
Donation	459,058	1,142,980	-59.84%
Other Office Expenses	163,219	117,279	39.17%
Total	14,268,187	12,921,070	10.43%

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

c) Statutory Expenses

Statutory expenses of the Fund amounted to TZS 2.62 billion (2020/21: TZS 3.21 billion). Decrease in Statutory expenses by 18.38% is mainly attributed by reclassification of donations to general expenses where previously was reported as statutory expenses to capture dividend offered by the Fund to Government through Treasury Office.

d) Investment Management Expenses

Investment management expenses of the Fund amounted to TZS 14.94 billion (2020/21: TZS 14.50 billion). Investment management expenses represent an increase of 3.02% due to repair and maintenance cost incurred during the year for major renovations of Fund's investment properties.

e) Interest expense on Leases

Interest expense on Leases of the Fund amounted to TZS 122.07 million (2020/21: TZS 158.94 million. Decrease by 23.20% is due to decrease in lease liabilities due to amortization of lease contracts to IFRS 16. The Fund did not rent additional spaces for its offices during the year.

2.11 ANALYSIS OF STATEMENTS OF CASH FLOWS

The Fund's cash and cash equivalents as at 30 June 2022 was TZS 201.17 billion (2020/21: TZS 282.94 billion).

The net cash outflow from benefits payment was TZS 1,924.96 billion (2020/21: TZS 1,914.48 billion).

2.12 ANALYSIS OF STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

Total Assets

Total assets of the Fund amounted to TZS 8,028.99 billion (2020/21: TZS 8,240.21 billion) representing decrease of 2.56%. The decrease is mainly due to Maturing securities used to pay benefits.

Description	30 June 22	%of total assets	30 June 21	%of total assets
	TZS '000		TZS '000	
Investments	7,487,284,669	93.25%	7,443,425,796	90.33%
Other Assets	541,709,899	6.75%	796,779,456	9.67%
Total	8,028,994,568	100%	8,240,205,252	100%

Table 12: Total Assets of the Fund

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

ANALYSIS OF STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED)

Investments

Investment transactions during the year were undertaken in accordance with the PSSSF Act, the Fund's Investment Policy and Social Security Investment Guidelines, 2012. Fund investment portfolio increased by 0.59% to TZS 7,487.28 billion (2020/21: TZS 7,443.42 billion). The increase is mainly attributed by increase if fixed deposits investments. The distribution of the investment portfolio of the Fund as at 30 June 2022 is as summarized in the table below:
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 13: Investments of the Fund

INVESTMENT CATEGORY	30 June 22		30 June 21	% of the	Change during Year	% of
	TZS' 000		TZS' 000	POLITOIIO	TZS' 000	Change
Deposits with Financial Institutions	377,854,079	5.05%	183,739,651	2.47%	194,114,428	105.65%
Equities	571,006,603	7.63%	542,074,661	7.28%	28,931,942	5.34%
Collective Schemes	246,237,431	3.29%	223,663,735	3.00%	22,573,696	10.09%
Government securities	4,530,331,965	60.51%	4,700,205,797	63.15%	(169,873,832)	-3.61%
Corporate bonds	7,913,948	0.11%	3,041,338	0.04%	4,872,610	160.21%
Loan investments	321,448,918	4.29%	323,985,695	4.35%	(2,536,777)	-0.78%
Investment properties	1,111,400,358	14.84%	1,167,163,180	15.68%	(55,762,822)	-4.78%
Associates & Joint Ventures	70,918,849	0.95%	41,786,375	0.56%	29,132,474	69.72%
Investments in subsidiaries	250,172,518	3.34%	257,765,365	3.46%	(7,592,847)	-2.95%
Total Investments	7,487,284,669	100.00%	7,443,425,797	100.00%	43,858,872	0.59%
Source: PSSSF Audited Financial Statements	te					

source; PSSSF Audited Financial Statements

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Government Securities

Total Government Securities as at 30 June 22 was TZS 4,530.33 billion (2020/21: TZS 4,700.21 billion) representing decrease by 3.61%. New Investments during the year amounted to TZS 101.01 billion (2020/21: TZS 175.59 billion other than non-cash bond of TZS 2,176.74 trillion). The interest accrued during the year was TZS 499.16 billion (2020/21: TZS 380.22 billion).

Corporate Bonds

The Corporate Bonds increased from TZS 3.04 billion to TZS 7.91, billion due to new investments in TMRB Bonds. New investment in corporate bonds during the year amounted to TZS 5.00 billion in TMRC Bonds. The interest accrued amounted to TZS 0.44 billion (2020/21: 1.37 billion).

Deposits with Financial Institutions

Total Deposits with Financial Institutions amounted to 377.85, billion (2020/21: TZS 183.74 billion). The increase in fixed deposits is mainly due to new deposits made. New deposits during the year amounted to TZS 287.82 billion (2020/21: TZS 146.22 billion) with interest earned during the year amounting to TZS. 18.01 billion (2020/21: TZS 15.37 billion).

Equity Investments

Investment in Listed Equity

The Fund invests in both listed equity and unlisted equity. Total value of investment in listed equities is TZS 544.19 billion (2020/21: TZS 499.55 billion). The increase in listed equity is due to additional shares provided by Swisport Tanzania Ltd in return of Dividends valued at TZS 13.55 million as well as increase in share prices at DSE as compared with previous year. Total gain in share values during the year was TZS 44.62 billion (2020/21: TZS 66.02 billion).

The table below shows the investments in listed and unlisted equities.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

LISTED EQUITIES		30 Jun 2022	Fair Value Change	Additio n	30 Jun 2021
Name	% ownership	TZS '000	TZS '000	TZS '000	TZS '000
CRDB Bank Plc	13	138,704,411	36,409,908		102,294,503
Mwalimu Commercial Bank	16	3,950,000	(1,050,000)		5,000,000
National Investment Company Limited	15	1,870,001	594,997		1,275,004
NMB Bank Plc	1	24,306,207	6,076,552		18,229,655
Swissport Tanzania Ltd	3	1,778,736	89,758	13,546.40	1,675,432
Tanga Cement Company Limited	4	4,077,273	2,946,249		1,131,024
Tanzania Breweries Limited	5	175,290,639	0	1.5	175,290,639
Tanzania Cigarette Company	5	79,624,991			79,624,991
Tanzania Portland Cement Ltd	6	41,212,024	1,329,420		39,882,604
TCCIA		8,008,586	(1,826,520)	20	9,835,105
TOL Gases Limited	2	595,833	54,167	25	541,667
Vodacom Tanzania Plc	4	64,770,644			64,770,644
Total Listed Equities		544,189,345	44,624,531	13,546	499,551,267

Table 14: Investments in Listed Equities

Source; PSSSF Audited Financial Statements

Investment in Unlisted Equity

Total value of investment in unlisted equities is TZS 26.82 billion (2020/21: TZS 42.52 billion). Accumulated fair value as at 30 June 22 was TZS 9.52 billion (2020/21: loss of TZS 0.84 billion).

The table below shows the investments in unlisted equities.

Unlisted Entity	% of ownershi p	30 Jun 2022	Accumulated Fair Value	Opening at Cost(01 July 2021)
		TZS '000		TZS '000
TPB Bank Plc/Twiga Bancorp Ltd	2.35	1,820,900	(8,213,520)	10,034,420
TAN-RE	10			25,227,406
Tanzania Pharmaceuticals Industries	10		(1,500,000)	1,500,000
Akiba Commercial Bank Plc	11.2	1,950,591	986,634	963,957
PTA Reinsurance Company	11.2	23,045,766	17,405,008	5,640,759
Total		26,817,257	8,678,122	43,366,542

Table 15: Investments in Unlisted Equities

Source; PSSSF Audited Financial Statements

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Investment in Subsidiaries

The Fund has 08 subsidiaries. As at 30 June 2022, investment in subsidiaries was TZS 250.17 billion (2020/21: TZS 257.77 billion). The decrease was mainly due to reclassification of Mzizima Properties Limited from subsidiaries to Other Debtor following withdraw of the Fund into the project. Notes to the accounts provide additional details with regard to movement in the subsidiaries.

The list of subsidiaries, the amount invested and the percentage of ownership are indicated in the table below:

Entity	% of	30-Jun-22	Cumm. Fair Values Reclassification	Reclassification	30-Jun-21
	Ownership	.000. SZT	,000, SZT	.000. SZT	.000. SZT
Azania Commercial Bank	51.95%	102,816,346	5,400,566		97.415.780
Kilimanjaro International Leather Industries	85.70%	45,255,034	14,705,066		59,960,100
Mamba Ginger Co. Ltd	60.00%	6,700,000		8	6.700.000
Msamvu Properties Company Ltd	72.70%	10,192,390	19,407,610		29,600,000
Mwanza City Commercial Complex Company Ltd	92.80%	84,125,935	12,125,935	•	72.000.000
Mzizima Properties Ltd		38.	(1	321.481	321.481
Pension Properties Limited				6.500	6 500
Watumishi Housing Co. Ltd (Shares)	57.20%	1,082,813	82,813		1,000,000
		250,172,518	16,503,362	327,981	327,981 267,003,860

Table 16: Investments in Subsidiaries

Source; PSSSF Audited Financial Statements

In 2018 the Government issued directives to transfer controlling powers and day to day activities of Msamvu Properties ltd to Morogoro Municipal Council. As at June, 2022 there were no formal arrangement in place between parties indicating settlement of the fund invested.

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Investments in Associates

The Fund has investments in Associates. Investment in Associates amounted to TZS 53.59 billion (2020/21: TZS 22.43 billion). Increase is mainly associated with increase in fair values specifically in Ubungo Plaza Limited and reclassification of Tanzania Reinsurance Limited from Unlisted Equities. Accumulated Changes in Fair Values as at 30 June 2022 was TZS 8.98 billion (2020/21: loss TZS 5.07 billion). The investments in Associates are shown below:

ASSOCIATES					
Entity	% of ownership	30-Jun-22	Reclassificati on	Accumulated FV	30-Jun-21
		TZS' 000	TZS' 000	TZS' 000	TZS' 000
TCCIA Investment Plc	40		-	-	4
Nguru Hills Ranch Limited	39	1,716,000		-	1,716,000
Ubungo Plaza Limited	35	22,365,224		7,721,533	14,643,691
Tanzania Mercantile Exchange Plc	44	886,214	-	(113,786)	1,000,000
Tanzania reinsurance ltd	35	26,597,276	25,227,406	1,369,870	
Mponde Holding Company	42	2,025,000	2,025,000		
Total		53,589,714	27,252,406	8,977,617	17,359,691

Table 17: Investments in Associates

Source; PSSSF Audited Financial Statements

Investments in Joint Ventures

Investments in Joint Ventures amounted to TZS 17.33 billion (2020/21: TZS 19.36 billion). The investments in Joint Ventures are shown below:

Entity	% of owne	Balance as at	Payments	Accumulated FV	Balance as at
	rship	30-Jun-22			30-Jun-21
		TZS' 000	TZS' 000	TZS' 000	TZS' 000
NHC/PPF IPS Building Company Limited	50	12,132,875		(6,329,139)	18,462,014
PPF/DCC Investment Company Limited	50	2,536,883.02		690,710	1,846,173
Mkulazi Holdings Limited *	50	*	*	(332,044)	332,044
APC investment Centre	54	1,645,128	(677,625)	(7,659,582)	9,982,336
Nambongo Sumbawanga		1,014,249	(42,000)	-	1,056,249.50
Total		17,329,135	(719,625)	(13,630,055)	31,678,816

Table 18: Investments in Joint Ventures

Source; PSSSF Audited Financial Statements

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Investment Properties

Total Investment properties decreased to TZS 1,1111.40 billion (2020/21: TZS 1,167.16 billion). The Fund's investment properties recorded valuation loss of TZS 65.67 (2020/21: TZS. Gain of TZS 17.03 billion). The decrease in investment properties was mainly due to reclassification of owner occupied properties from Investment properties to PPEs.

Tradable Inventories

Tradable inventories include stocks that are available for sale. These include houses and plots. As at 30 June 2022; the Fund had TZS 11.46 billion in tradable inventories (2020/21: TZS 114.02 billion). In the tradable inventory, houses had TZS 4.16 billion (2020/21: TZS 101.03 billion) and plots had TZS 7.30 billion (2020/21: TZS 12.99 billion). The decrease in tradable inventory was mainly attributed by the reclassification of PSSSF twin tower to investment properties to align with the current business model as well as investment property definition provided in IAS 40.

Loans

The Loans portfolio balance as at 30 June 2022 stood at TZS 321.45 billion (2020/21: TZS 323.96 billion), Total of TZS 13.98 billion new loans were issued to corporates. The Fund received TZS 13.72 from corporate, members and SACCOS loans. No amount was received from the Government for loan repayments during the year (2020/21: TZS 300 billion was received). The Board expects that the Government will continue to honor its obligation under the guarantee. The breakdown of loan investments of the Fund as at 30 June 2022 is as listed below;

DETAILS	30 Jun 2022	30 Jun 2021
	TZS'000	TZS'000
Direct loan to the Government	231,402,698	231,402,698
Corporate Loans	71,273,201	55,196,262
Loans to corporative societies	6,733,523	13,996,933
Members Loans	12,039,496	23,389,801
	321,448,918	323,985,694

Table 19: Loan Investments

Source; PSSSF Audited Financial Statements

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Other Assets

Other assets include receivables, cash and bank balances, prepayments, property and equipment, and inventories. A complete list of Other Assets is shown below;

	30 June 21	% of total	30 June 20	% of total
Cash and cash equivalents	201,166,525	37.14%	282,943,862	35.51%
Prepayments	8,919,057	1.65%	7,230,042	0.91%
Receivables	147,683,793	27.26%	88,350,864	11.09%
VAT and WHT Recoverable	6,781,885	1.25%	7,643,726	0.96%
Stationery and Consumables	289,236	0.05%	330,272	0.04%
Tradable Inventories	11,459,796	2.12%	114,022,146	14.31%
Right-of-Use Asset	892,633	0.16%	1,190,621	0.15%
Intangible assets	981,949	0.18%	993,555	0.12%
Deferred tax	68,586,347	12.66%	280,062,876	35.15%
Property and equipment	94,948,678	17.53%	14,011,493	1.76%
Total other assets	541,709,899	100.00%	796,779,457	100.00%

Source; PSSSF Audited Financial Statements

Liabilities

As at 30 June 2022, total amount of liability was TZS 613.33 billion (2020/21: TZS 898.50 billion). The liabilities mainly comprise of benefits payable to Members, corporate tax payable, accrued expenses and amounts due to subsidiaries.

Benefits payable at the end of the period decreased by 32.63%, from TZS. 696.22 billion as at 30 June 2021 to TZS. 469.08 billion as at 30 June 2022. The decrease is attributed by improvement in paying benefits on time following improvement in ICT infrastructures where most of the processes are automated as well as improvement in liquidity following issuance of Special Non Cash Bonds and increase in contribution collections. Benefits payable includes claims falling due in the financial year but remain unpaid at the yearend. Provision for the liability was made using the Fund's records extracted from the computerized Members Management system.

Net Assets

The increase in Net Assets before corporate tax for the year was TZS 316.27 billion (2020/21: TZS 1,448.77 billion) which represents the decrease of 78.17% if compared with the result of previous year. The decrease is mainly attributed by recognized pre-1999 contributions in the previous year after issuance of special Government Non-Cash Bond where in the current year no such recognition occurred.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

The Fund had an income tax expense of TZS 22.05 billion (2020/21: tax credit TZS 148.99 billion). The tax expense was mainly due to additional tax liability recognized amounting to TZS 22.05 billion. Please refer to Note 18 of financial statements for details.

The increase in net assets after income tax stood at TZS 73.96 billion (2020/21: TZS 1,597.76 billion). The Net assets of the Fund as at 30 June 2022 amounted to TZS 7,415.66 billion compared to TZS 7,341.70 billion for the year ended 30 June 2021. This represents an increase of 1.01%.

Key financial performance rations

Table 21: Financial Performance rations

Performance indicator/rat io	Definition and formula	Purpose	2021/22 Actual	2020/21 Actual
Investment ratios	(Total investments/Total assets) x 100	Showing impact of total investments to total assets	93.25%	90.33%
	Return on Investment Income = (Investment income/ total investments) x 100	Showing impact of investment income from investments	7.85%	8.23%
Income ratios	Return on total assets = (Investments income/Total assets) x 100	Showing impact of investment income to total assets	7.32%	7.43%
	(Investments income/net assets) x 100	Showing impact of investment income to net assets	7.92%	8.34%
Liquidity ratio	Current assets/ Current liabilities	Showing the liquidity of the Fund	0.61	0.56
Benefits	(Benefits /contributions) x 100	Showing impact of benefits paid out of contribution income	111.24%	60.79%
ratios	(Benefits / total income) x 100	Showing impact of benefits paid to total income	78.95%	51.53%
	(Benefits/Total expenditure)x100	Showing impact of benefits paid to total expenditure	92.57%	51.53%
	(Administrative expenses / contributions) x 100	Showing impact of administrative expenses to total contributions	4.79%	1.95%
Expenditure Ratios	(Investment Management / total rent income) x 100	Showing impact of Inv Management expenses to total rent income	49.16%	43.61%
	(Administrative expenses / total Expenses) x 100	Showing impact of administrative expenses to total Expenses	3.98%	2.50%
Funding Level	Net assets /Total benefits liability	Showing the extent to which, the Net Assets can cover all of the current liability	22.30%	22.30%

Source; PSSSF Audited Financial Statements Analysis

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.13 ACCOUNTING POLICIES

The Accounting Policies used in the preparation of the Financial Statements have been disclosed in Note 2 to the Financial Statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Fund.

2.14 SOLVENCY EVALUATION

Based on the current Actuarial Valuation as at 30 June 2020 performed by Muhanna & Co, an independent firm of actuaries, the funding level is 22.30% against the required level of 40%. The Fund engaged the Government of United Republic of Tanzania to pay the liability associated with pre-1999 service, which was inherited from PSPF amounting to TZS 4.629 trillion. The Government has issued (15 December 2021) non-cash special Bond amounting to TZS 2.177 for payment of pre-1999 contributions and the remaining amount of TZS 2.452 trillion is expected to be concluded soon after verification.

This will increase the funding level to 40.24%, which is acceptable level and signifying ability for existence of the Fund for a foreseeable future.

Information regarding to method, financial, demographic and other assumptions have been disclosed on note 5 to the financial statements.

2.15 CURRENT AND FUTURE DEVELOPMENT PLANS

The current and future development plans center around improved benefits and quality service delivery to Members of the Fund. The Trustees believe that Members service is the primary reason for the existence of the Fund. A number of measures have been taken to institute a responsible behavior towards Members of the Fund, which include the establishment of a customer services lounge at Head office, opening 10 (Ten) Zones and regional offices so as to move services closer to Members and reducing the Members' benefit processing time by developing and upgrading the computer-based administration system and further integrating it to the Fund's financial reporting system and systems of other stakeholders.

Other initiatives that have been taken to improve service delivery include the use of ICT in internal operations and The Fund's investment portfolio performance as shown on the table below:

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 22: Current and Future Development Plans

SN	DESCRIPTION	CURRENT DEVELOPMENT	FUTURE DEVELOMPMENT
	The use of ICT services in Funds day-to-day core and non-core functions	비원후 연합은 것이 있는	AreaNetwork(LAN)toFundsDevelop and Customize Fund official WebsiteHeadquarters,regionsofficesandDevelop and Enhance Mobile ApplicationsHeadquarters,regionsofficesandDevelop and Enhance Mobile ApplicationsIndscomputer applicationsincludingBevelop and Enhance Mobile ApplicationsIndscomputer applicationsincludingReview of Fund's ICT system ApplicationsIndscomputer applicationsincludingIncludingPS);maxVs NAVISION)Enhance integration of internal ICT applications with external systems i.e., GePG System, Banks (NMB, CRDB)PS);mization of Finance system (MicrosoftEnhance integration of internal ICT applications with external systems i.e., GePG System, Banks (NMB, CRDB)Software and hardware (computers, firewalls, UPS, scanners, piers.Conduct user satisfaction survey on ICT service deliveryDependentizeOperationalize ICT Governance FrameworkOperationalize ICT Governance FrameworkDependentConduct user satisfaction survey on ICT service deliveryDependentDependentize ICT Governance FrameworkDependentConduct user satisfaction survey on ICT service deliveryDependentDependentize ICT Governance FrameworkDependentDependentize ICT Governance FrameworkDependentDependentize ICT Governance FrameworkDependentDependentize ICT Governance FrameworkDependentDependentize ICT Governance Framework
.,	rund investment Plan is to invest in low risk, high yield investment opportunities and to strengthen the Fund's asset base	 During the period under review the Fund invested TZS 409.58 billion in various investments compared to the planned target of investing TZS 317.14 billion equivalent to performance of 129% above target. This performance was a result of the Government decision to issue non-cash bond to finance pre 1999 service debts 	 For the year 2022/23, the Fund plan to invest TZS 376.98 billion in Treasury Bonds, fixed deposits, real estate's projects and industrial projects. The proposed investment plan has taken into consideration the past investment performance, projected investible funds, projected liabilities of the Fund and the economic operating environment with respect to Government focus of revamping the industrial sector.

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.16 STOCK EXCHANGE INFORMATION

The Fund has invested in selected equity and bonds traded in the Dar es Salaam Stock Exchange as per below distribution.

30 June 22TZ5'00030 June 2130 June 2161,028400138,704,411346,761,02829510000,0003953,950,00010,000,00050050010 $66,670$ 3301,870,0015,666,6702231 $90,451$ 3,12024,306,2077,790,4512,3401 $90,451$ 3,12024,306,2077,790,4512,3401 $90,451$ 3,12024,306,2077,790,4512,3401 $90,451$ 1,1801,778,731,495,9211,1201 $91,710$ 10,900177,83,831,495,9211,1201 $92,653$ 1,4604,077,2732,792,6534057 $81,710$ 10,900175,290,63916,081,71010,9007 $81,710$ 10,900175,290,63916,081,71010,9007 $81,7710$ 10,90017,0033,6003,6003 $83,333$ 55041,212,02411,078,5013,6003 $83,333$ 550595,8331,003,3335006 $17,720$ 77064,770,644 $84,117,720$ 7706 $17,720$ 77084,189,34528,100,3003506 $00,300$ 2858,008,58628,100,300350350409 $00,300$ 2858,008,58628,100,300350350409 $00,300$ 2858,008,58628,100,300350350409 11 <td< th=""><th>Entity</th><th>No Of Shares</th><th>Price</th><th>Value 30 June 2022</th><th>No Of Sharee</th><th>Price</th><th>Value 30 June 2021</th></td<>	Entity	No Of Shares	Price	Value 30 June 2022	No Of Sharee	Price	Value 30 June 2021
Bank Plc 346,761,028 400 138,704,411 346,761,028 295 70 m Commercial Bank Plc 10,000,000 395 3,950,000 10,000,000 500 500 70 506 500 70 700 70 700 70 70 70 700 70			30 June 22	TZS'000		30 June 21	TZS'000
nu Commercial Bank Plc 10,000,000 395 3,950,000 10,000,000 500 500 500 500 500 500 500 500 700 500 700	CRDB Bank Plc	346,761,028	400	138,704,411	346,761,028	295	102,294,503
al Investment Co. Ltd 5,666,670 330 1,870,001 5,666,670 225 7.790,451 225 7.790,451 223,40 7 ank Plc 7,790,451 3,120 24,306,207 7,790,451 2,340 7 ort (T) Ltd 1,507,401 1,180 1,718,733 1,495,921 1,120 7 ort (T) Ltd 2,792,653 1,460 4,077,273 2,792,653 4,05 7 Cement Co. Ltd 2,792,653 1,460 73 2,792,653 405 7 Tia Breweries Ltd 16,081,710 10,900 175,290,639 16,081,710 10,900 7 Tia Breweries Ltd 16,081,710 10,900 7 468,82,823 17,000 7 Tia Breweries Ltd 11,078,501 3,720 74,9533 7,903 7 7 Tia Portland Cement Plc 11,078,501 3,720 41,212,024 11,078,501 3,600 7 Ses Limited 10,083,333 550 41,72,024 11,083,333 500 77	Mwalimu Commercial Bank Plc	10,000,000	395	3,950,000	10,000,000	500	5,000,000
ank PLc 7,790,451 3,120 24,306,207 7,790,451 2,340 1 ort (T) Ltd 1,507,401 1,180 1,778,733 1,495,921 1,120 1,120 ort (T) Ltd 2,792,653 1,460 4,077,273 2,792,653 4,05 1,120 1,120 Cement Co. Ltd 2,792,653 1,460 4,077,273 2,792,653 4,05 1,120 1,120 Dia Breweries Ltd 16,081,710 10,900 7 2,792,653 16,081,710 10,900 7 Dia Dia Portland Cempany 4,683,823 17,000 7 3	National Investment Co. Ltd	5,666,670	330	1,870,001	5,666,670	225	1,275,001
opt (T) Ltd 1,507,401 1,180 1,778,733 1,495,921 1,120 1,120 Cement Co. Ltd 2,792,653 1,460 4,077,273 2,792,653 405 17 Ti B Feweries Ltd 16,081,710 10,900 175,290,639 16,081,710 10,900 7 Ti B Feweries Ltd 16,081,710 10,900 752,290,639 16,081,710 10,900 7 Ti B Feweries Ltd 16,081,710 10,900 77,000 7 7 7 Ti B Feweries Ltd 11,078,501 3,720 3,720 7,1624,991 4,683,823 17,000 7 Ti P ortland Cement Plc 11,078,501 3,720 3,720 41,212,024 11,078,501 3,600 3 Ses Limited 1,083,333 550 41,077,20 7 3,600 7 Tarzania Plc 84,117,720 770 64,770,644 84,117,720 770 66 In R Plc 11 190 770 64,770,644 84,117,720 740 64	NMB Bank Plc	7,790,451	3,120	24,306,207	7,790,451	2,340	18,229,655
Cement Co. Ltd 2,792,653 1,460 4,077,273 2,792,653 4,05 4,05 nia Breweries Ltd 16,081,710 10,900 175,290,639 16,081,710 10,900 17 nia Breweries Ltd 16,081,710 10,900 175,290,639 16,081,710 10,900 7 nia Breweries Ltd 16,081,710 10,900 7 4,683,823 17,000 7 nia Cigarette Company 4,683,823 17,000 7,9624,991 4,683,823 17,000 7 nia Portland Cement Plc 11,078,501 3,720 41,212,024 11,078,501 3,600 3 ases Limited 1,083,333 550 770 41,312,024 11,078,533 5600 7 om Tanzania Plc 84,117,720 770 84,117,720 700 64,770,644 84,117,720 700 66 nik Plc 84,117,720 710 84,117,720 710 720 66 66 700 700 700 740 740 740 740 740 <td>Swiss port (T) Ltd</td> <td>1,507,401</td> <td>1,180</td> <td>1,778,733</td> <td>1,495,921</td> <td>1,120</td> <td>1,675,432</td>	Swiss port (T) Ltd	1,507,401	1,180	1,778,733	1,495,921	1,120	1,675,432
Iia Breweries Ltd 16,081,710 10,900 17,000 17,000 17,000 17,000 17,000 17,000 17,000 7 nia Cigarette Company 4,683,823 17,000 79,624,991 4,683,823 17,000 7 nia Cigarette Company 11,078,501 3,720 74,212,024 11,078,501 3,600 7 nia Portland Cement Plc 11,078,501 3,720 41,212,024 11,078,501 3,600 7 asse Limited 11,083,333 550 41,217,024 11,078,501 3,600 6 om Tanzania Plc 84,117,720 770 64,770,644 84,117,720 770 6 nk Plc 84,117,720 710 64,770,644 84,117,720 770 6 6 fank Plc 84,117,720 710 84,117,720 710 700 700 700 6 fank Plc 28,100,300 285 8,008,586 28,100,300 350 740 749 fotal 544,189,345 644,189,345	Tanga Cement Co. Ltd	2,792,653	1,460	4,077,273	2,792,653	405	1,131,024
ia Cigarette Company4,683,82317,00079,624,9914,683,82317,000nia Portland Cement Plc11,078,5013,72041,212,02411,078,5013,600ases Limited1,083,333550770555,8331,083,333500om Tanzania Plc84,117,72077064,770,64484,117,720770nk Plc84,117,72077064,770,64484,117,720770nk Plc28,100,3002858,008,58628,100,300350Total078584,189,34576044	Tanzania Breweries Ltd	16,081,710	10,900	175,290,639	16,081,710	10,900	175,290,639
iia Portland Cement Plc11,078,5013,60039,ases Limited1,083,33355041,212,02411,078,5013,60039,ases Limited1,083,333550595,8331,083,33350064,Dm Tanzania Plc84,117,72077064,770,64484,117,72077064,Ink Plc1119064,770,64484,117,72077064,Ink Plc111902858,008,58628,100,3003509,Total11544,189,345544,189,34510499,5499,5	Tanzania Cigarette Company	4,683,823	17,000	79,624,991	4,683,823	17,000	79,624,991
ases Limited 1,083,333 550 595,833 1,083,333 500 om Tanzania Plc 84,117,720 770 64, om Velc 84,117,720 770 64, ank Plc 11 190 64,770,644 84,117,720 770 64, ank Plc 28,100,300 285 770 740 64, Total 28,100,300 285 8,008,586 28,100,300 350 9,109,50 Total Total 544,189,345 544,189,345 710 740 499,1	Tanzania Portland Cement Plc	11,078,501	3,720	41,212,024	11,078,501	3,600	39,882,604
Dm Tanzania Plc 84,117,720 770 64, ank Plc 11 190 64,770,644 84,117,720 770 64, ank Plc 11 190 84,008,586 28,100,300 350 94, Total 28,100,300 285 8,008,586 28,100,300 350 94,	TOL Gases Limited	1,083,333	550	595,833	1,083,333	500	541,667
Ink Plc 1 190 190 240 240 28,100,300 285 8,008,586 28,100,300 350 49 Total 264,189,345 544,189,345 70 74 74	Vodacom Tanzania Plc	<u> </u>	770	64,770,644	84,117,720	770	64,770,644
Z8,100,300 Z85 8,008,586 Z8,100,300 350 495 Total 544,189,345 544,189,345 495 495	DCB Bank Plc	11	190	2	11	240	
544,189,345	TCCIA	I	285	8,008,586	28,100,300	350	9,835,105
	Grand Total			544,189,345			499.551.268

Table 23: Fund's equity investments listed at Dar es Salaam Stock Exchange

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.17 CAPITAL STRUCTURE, INVESTMENT AND TREASURY POLICY

The Fund has variety of capital as elaborated on resources 1.7 above but has no startup capital rather is guaranteed by the Government as the last resort in case Assets Available for Benefits falls short to meet maturing obligation.

The Fund's investment and treasury policies focuses on the need to maintain adequate liquidity, maximize returns with minimal risk and portfolio diversification. It also ensures reasonable security of the Fund's investments. The investment limits comply with the Investment Guidelines issued by the Bank of Tanzania (BoT). The policy is reviewed annually or as circumstances require, the Fund has the financial management system that help to predict the future cash flows with reasonable accuracy. **Table 24** shows the extent of compliance with investment and treasury policy:

Investment Category	% Limit	Amount as at June 2022	% of Total Investmen ts in 2021/22	Amount as at June 2021	% of Total Investme nts in 2020/21
Cash and Demand Deposit in Banks	5	201,166,525	2.69%	282,943,863	3.66%
Government securities	20-100	4,530,331,965	60.51%	4,700,205,797	60.83%
Direct Loan to the Government	10	231,402,697	3.09%	231,402,697	2.99%
Corporate Bonds (Listed)	15	7,913,948	0.11%	3,041,338	0.04%
Income Earning Investment Property	25	1,052,520,158	14.06%	1,109,528,619	14.36%
Non Income Earning Investment Properties	5	58,880,200	0.79%	57,634,561	0.75%
Equity Investments (Quoted)	15	544,189,345	7.27%	499,551,267	6.47%
Equity Investments (Unquoted)	5	337,394,754	4.51%	331,561,263	4.29%
Infrastructure Investments	25	10,513,871	0.14%	10,513,871	0.14%
Fixed Deposits	35	377,854,079	5.05%	183,739,651	2.38%
Collective Schemes	30	246,237,431	3.29%	223,663,735	2.89%
Loan to Corporate and Cooperative Societies	10	90,046,221	1.20%	92,582,997	1.20%
Total Investments***		7,487,284,669		7,443,425,797	

Source; PSSSF Audited Financial Statements

*** Total Investments is the SUM of all items in Table 24 excluding Cash and Demand Deposits in Banks since Cash and Demand Deposits is considered as Non-Investment Asset

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

The Fund is subject to the funding provisions of section 18 of the PSSSF Act of 2018. The Act requires Members and employers to contribute to the Fund on monthly basis in accordance with the following arrangement:

- 15% of employee salary, being employers' contributions under the section 18 of the PSSSF Act;
- 5% of employee salary, being employee's contribution under the section 18 of the PSSSF Act.

The funding policy is directed to ensure that benefits accruing to Members and other beneficiaries are fully funded. As such, in framing contribution rates, the Government and the Actuary consider long-term trends in such factors as Membership enrollment, salary growth, investment earnings and average market values of the Fund's assets.

2.18 CASH FLOWS AND LIQUIDITY

During the year, cash available amounted to TZS 201.17 billion (2020/21: 282.93 billion), the plan set to apply such amount to meet benefit obligation and ongoing industrial projects, financing growth strategies, investment opportunities and meet regulatory requirements.

Several factors affected cash flows significantly during the year under review, including members early retirement. The Fund expects this to escalate next year and therefore affect current and prospective cash flows,

The Trustees took some efforts to curb the situation by suspending some category of investments and we expect the Government to continue honoring its obligations.

The Fund has not borrowed funds and consequently no interest charges have accrued against the Fund. All statutory payments such as Pay As You Earn (PAYE), pension contributions and other statutory deductions effected from staff salaries were made and submitted to the relevant authorities in time.

2.19 SERVICE PERFORMANCE INFORMATION

The Trustees have opted to present service performance information as part of the governance report and they consider administrative efficiency as the key to superior service delivery. The Fund has developed and acquired a range of systems that translate its requirements into tools facilitating a number of administrative activities. This has significantly improved administrative functions including stores management, staff and Members records management, placing orders as well as management of fixed assets and overall financial management.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

The Trustees are aware that the acquisitions of the systems require considerable amount of resources. Thus, balancing the need to ensure maximum administrative efficiency, with the need to have the desired systems at low cost has always been Fund's major concern.

The Trustee have included both financial and non-financial indicators in the service performance information, to measure performance, targets has been compared to actual, and comparative has been included in order to make inter period comparison of service performance.

ASSUMPTIONS ABOUT KPI's

Performance measures are based on the following assumptions:

- i. It is anticipated that the Government will recruit about 10,000 employees per annum.
- ii. Contribution income will increase by 7 percent due to increase of salary, promotions and new recruitments.
- iii. Average Return on Investment is expected to be 8 percent p.a during the plan period.
- iv. Administrative expenditure is expected to be proportional with collected contributions throughout the plan period. The projected increase will be below the prescribed BoT standard of spending not more than 10 percent of contribution income for Pensions Fund. Therefore, the Fund intends to maintain administrative costs at a ratio of below 10 percent of contribution income.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 25: Service Performance Information

	Strategic Objectives	KPI/Performance Objective	2022- Perfor	2022- Performance Cost TZS '000'	,000,	2021 - Cost
Perspectives			Rudget	Actual	1/0/	,000, SZT
Customer	Enhance Customer Experience	Percentage of customer satisfaction rate /At least 80% of customer satisfaction achieved hv 2023.724	74361	Actual	(%)	Actual
	Create Brand Awareness					
		Top of mind awareness score and brand image/At least score of 75% by year 2023/24	422,870	359,967	117%	1,595,847
Financial	Sustain in net worth above TZS 6.59 trillion	Amount in net worth/Above TZS 6.59 trillion by 2023/24	7 766 776 758	7 415 661 440	1050	1 10 10C 11C C
	Contributions collected	Percentage of contributions collected/ 100% of	007601160761	0++ (100,01+,1	8 m	1, 341, 104, 314
		contributions due collected.	1,525.213,795	1.526.268.288	100%	3.597.611.693
	Growth of Revenue	Percentage of average real Return on				
		investments/At least 10% annual real return on investment.	478 520 000	789 964 536	111 46%	647 418 107
		Rate of Growth of other Income /At least 5% by	0001040-00	0001001000	804.1	012,410,107
	Attain Value for Money for	June 2024	24,790,000	32,484,779	119.33%	34.263.253
	Fund's Expenditure	Percentage of Admin cost over Total Contribution/At most 10% annually	4	1 76%		
Prorece	Automate and Stroamline of	Actual untime accient alaced bin - / At La - + OrW	4.71%	4.1.7%		4.00%
	Business Process	Actual uptime against planned time/At least 95% availability	619,000	647,750	104%	345.250
		Number of business processes automated/At least 90% of business process automated by 2073/24	761 778	נאנ ארא	900	00 CEC 280
	Enhance Product and service	Benefit processing time (davs)/ 7 dave after	017(107	700,000	01%	00.7/6,/02
	development	retirement	1,963,697.276	1.697.817.673	84%	7 187 053 595
		Number of products introduced/At least two			2	
		products by June 2024				
Learning and	Enhance Staff Welfare	Percentage of employees' satisfaction/At least 80%				
Growth		Staff Satisfaction achieved annually	32,654,320	31,781,669	97%	30.504.377
		Retention Rate/At least 90% retention rate				
		achieved	11,206,449	11.140.738	%66	10.752.497
	Enhance Capacity Building	Percentage of staff trained 80% of staff trained				
		annually in accordance with Training Plan/				
	Create Corporate Culture	Behavior Index Score /Behavior score of at least 60% attained annually	1 645 940	1 643 950	% 00	1 601 274
			1	1 222 (21 20)	1 0/11	F10,100,1

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) Non-Financial KPI

Enhance Customer Experience

Customer Service Charter was approved by the Board to set standards of serving customers and ensure customers are aware of their rights and obligations. Total of 153,890 customer complaints have been received through walk in customers and Customer Relation Manager (CRM), Social Media, E Mrejesho and emails. 95% (146,196) of the complaints received were resolved.

Create and Improve Brand Awareness

Brand manual was prepared to guide branding as well Corporate Social Responsibility (CSR) policy reviewed to guide stakeholder's relation management, Media and Public Relation (MPR) policy control public and media addresses and communications. The Fund conducted 135 Corporate Social Responsibility initiatives during the year.

Create Corporate Culture

Culture change program with six modules has been conducted, the Modules are Feelings, Speed, Remember Me, Empowerment, Exceptional Services and Bad Campaign, furthermore, mechanisms to ensure adherence to core value of the Fund were Developed and the following trainings were conducted to achieve this target; Culture Change Trainings, Customer care service training, Professional development training, Risk awareness training to Staffs and public ethics training.

Enhance Staff Welfare

Staff rewards and recognition programs were developed during the year to effectively motivate employees, whereby best workers were rewarded and recognition letters has been rewarder to high performers and 506 staff were promoted

Enhance Capacity Building

Training Needs Assessment has been conducted to all directorates and units and the identified gaps were used to prepare Funds training programs on the priority areas, The Fund conducted on job training and awareness programs to all staffs in order to align their individual expectation with the Fund's Plan.

Enhance Institutional Compliance

Compliance with laws, regulations, policies, standards, procedures and guidelines are of paramount importance as well compliance with reporting frameworks and Government directives. The Fund complied with directives issued by the Government and hence, the Fund achieved unqualified audit report for the financial year 2021/22, respectively.

The Trustees achieved 100% of institutional standards compliance against the target of 100%, it includes compliance to PSSSF Act No. 2 of 2018, Guidelines provided by the Regulator and other applicable Laws and regulations.

The Trustees managed to improve Quality of Services by achieving 83% of customer satisfaction against a target of 85%, this was achieved by reducing benefit processing time to 60 days and customer served within 10 minutes.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.20 CORPORATE GOVERNANCE MATTERS

Corporate governance plays a vital role in the Fund as it provides a framework within which objectives are set and performance monitored, the Fund comply with principles of good corporate governance under the following guiding categories:

- Board oversight role and control
- Stakeholders relations
- Ethical, Accountability and Social responsibilities
- Transparent and disclosure
- Board Charter
- Risk management and internal control
- Donation to Political and Charitable organisation,
- Employees Welfare,
- Environmental Matters,
- Health and Safety,
- Personal with disability

2.20.1 BOARD OVERSIGHT ROLE AND CONTROL

The Board is responsible for the administration and management of the Fund in accordance with the provisions of the Act, the Social Security (Regulatory Authority) Act and any Guidelines and Directives as may be issued pursuant the Social Security (Regulatory Authority) Act and other relevant written laws for better regulation and monitoring of the activities of the Fund.

The Board operate under Board Committees as advisory to the Board, these include;

- Legal, Human Resource and Administration Committee;
- Finance and Planning Committee;
- Investment Committee; and,
- Audit and Risk Management Committee.

In the performance of its functions, the Board meets four times in a year but the Chairman may, as and when deemed expedient, call for an extraordinary Meeting of the Board.

Operations of the Board Committees is guided by their respective Board Committee Charters that approved by the Board in compliance with the following principles;

Principle on Composition, Principle on appointment, qualification and structure, Principle on Trustees' independence, Pprinciples on confidentiality, Duty to communicate dissent, Principle on evaluation, Principle on remuneration of Board members, Principle on Function of the Board, Principle on Conflict of interest and Principal on Board tools.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Principle on composition

Composition of the Board is provided for under the First Schedule to the Act made under Section 10(1) of the Public Service Social Security Act. The Fund is governed by a Board of Trustees with the composition of 10 members including the Director General who is the Secretary to the Board. The Board is the final decision maker on the affairs of the Fund and its led by the Chairman who is appointed by the President.

The Director General is appointed by the President and is responsible for overseeing the day-to-day operations of the Fund. Under the Director General, there are nine (9) Directors who head Directorates/Units

Principle on Appointment, qualification and structure of the Board

Mandate to appoint the Chairman of the Board vest to the President of United Republic of Tanzania while other Board members are Minister's appointees with various professional background, to add value, the Board discharge responsibilities through four Committees Namely Audit and risk Committee, Finance and Planning Committee, Investment Committee and Legal, Human resources and administration Committee. Detailed are provided information at page 44 to 46.

Minister appointee are as follows:

- (a) a member representing the Ministry responsible for social security;
- (b) a representative from the Ministry responsible for local government authorities;
- (c) a representative of the Ministry responsible for finance;
- (d) a law officer representing the Attorney General;
- (e) two members representing most representative employers' organisation;
- (f) two members representing the most representative employee's organisation; and
- (g) one member appointed by the Minister from amongst persons who possess knowledge and experience in social security matters.

Principle on confidentiality

Information concerning the Fund, which is in, confidence communicated to a Trustee and an invitee of the Board, in connection with his function. The trustee or invitee shall personally take the necessary precautions to preserve the confidentiality of such information and not divulge it under any circumstances.

Duty to communicate dissent

Each Trustee commits to clearly express views and to use all means at disposal to convince the Board of the validity of the position should the Trustee be of the view that a proposed Board motion or decision is not in the best interest of the Fund.

Principle on evaluation

Evaluation of the Board, its Committees and individual Trustees, including the Chairman, is performed annually.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Principle on Trustees' independence and ethical behavior

All the Trustees are considered by the Board to be independent both in character, judgement and free of relationships or circumstances, which could affect their judgement.

All the Trustees are considered to behave and act ethically in the discharge of their fiduciary responsibilities

Principle on Trustees' remunerations

All the Trustees are non-executive. The Trustees were remunerated as approved by the Minister responsible for social security. During the year, a total fees and allowances paid to the Trustees amounted to TZS 58.52 million. Other Board expenses include transport, subsistence or living costs for Board and Committee meetings, as well as Trustees' capacity building amounted to TZS 477.63 million.

Principle on Function of the Board

The Board of Trustees is the supreme policy making body in the Fund. The Board is charged with the following functions as per the PSSSF Act:

- (h) Registration of Members and contributing employers;
- (i) Collection of Members' contributions from employers;
- (j) Investment of surplus funds in profitable investments;
- (k) Disbursement of pension, gratuity and other benefits in accordance with the provisions of the Act;
- (I) Advising the Minister on matters relating to the administration of the Act; and
- (m) Doing all such acts and things and to enter into all such transactions as, in the opinion of the Board, may be necessary for the proper and efficient administration of the Fund.

Principle on Conflict of interest

When discharging responsibilities as a Board Member Trustees is required to declare conflict of interest

Principle on Board tools

The Fund has Board and Committees charters that guide the Board of Trustees on executing oversight role and are reviewed on annual basis or when need arises.

2.20.2 STAKEHOLDERS RELATIONS

The Board has identified 5 categories of stakeholders as follows Government as sponsor and employer, Regulators, Trade unions, Members, Service providers and financial institutions. Decisions made by the Board must consider interest and needs of aforementioned stakeholders

2.20.3 ETHICAL, ACCOUNTABILITY AND SOCIAL RESPONSIBILTIES

The Fund has identified the following four ethical values namely Customer focus, Integrity, Team work, Professionalism and Efficiency that forms baseline for making objectives and strategies to achieve goals.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) The Trustee ought to act and behave ethically in discharge of their responsibilities. All the Trustees are non-executive and retains full and effective control of the Fund and monitor the executive management, they accept and exercise responsibility for strategic and policy decisions, approval of budgets and monitoring of performance.

2.20.4 TRANSPARENT AND DISCLOSURE

Make timely and balanced disclosure, The Board disseminate all information to the general public, stakeholders and the Government without any reservation to facilitate their decision making, they have to safeguard integrity in financial reporting.

2.20.5 BOARD CHARTER

The Fund has a board charter which sets out the key values and principles of the trustee of the Fund. It provides the specific responsibilities of the board and how it shall operate within applicable legal and regulatory framework; and clearly specifies the powers of the board and its Committees, separation of roles between the board and Management; and the practice of the board in respect of corporate governance matters.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Trustees information

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N/C	Name	Position	Age	Qualification	Nationality	Appointment
¥.	Eng. Musa I. Iyombe	Chairman	67	- Engineer/Administrator, Consulting Civil Engineer: Master of Engineering, Bachelor of Engineering	Tanzanian	14 May 18
·'	Dr. Aggrey K. Mlimuka	Vice Chairman	64	 Lawyer: Dr. Juris, LLM, Post Graduate Diploma in International Law, LLB. 	Tanzanian	31 July 18
ň	CPA. Stella E. Katende	Member	52	- Accountant: CPA (T), Master of Business Administration, Bachelor of Commerce- Accounting.	Tanzanian	31 July 18
4	Ms. Susan B. Kabogo	Member	55	 Economist: Master of Business Administration, Bachelor of Arts - Economics. 	Tanzanian	31 July 18
5.	Mr. Jacob C. Mwinula**	Member	37	 Lawyer: LLM - International Human Rights Laws, LLB. 	Tanzanian	31 July 18
ė.	Mr. Thomas C. Manjati	Member	62	 Banker: Advanced Diploma in Business Administration, Certificate in Accountancy, Diploma in Business Administration - Marketing 	Tanzanian	31 July 18
7.	Mr. Rashid M. Mtima	Member	51		Tanzanian	31 July 18
×.	Ms. Leah L. Ulaya**	Member	52	- Teacher: Bachelor of Education, Diploma in Education.	Tanzanian	31 July 18
6	Mr. Said A. Nzori	Member	59		Tanzanian	2 April 2020
10.	Mr. Victor F. Kategere	Member	56	 Administrator: Master's in Public Administration (HRM), Advanced Diploma in Public Administration. 	Tanzanian	17 November 2021
3.	11. Ms. Mazoea S. Mwera	Member	56	aster's in Public Administration d Diploma in Public	Tanzanian	17 November 2021
**	implies trustees' tenure expired on	31.hilv 2021 he	fore att	** implies trustees' tenure expired on 31.Iuly 2021 hefore attending any meeting during the year		

mimplies trustees' tenure expired on 31July 2021 before attending any meeting during the year Source: Appointment letters

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) Board Meetings

During the year ended 30 June 2022, the Board of Trustees held 8 meetings. The Board made various decisions including but not limited to, approving the Annual Plan and Budget; Annual Procurement Plan; annual Investment Plan, adopting Audited Financial Statements for the period ended 30 June 2022, reviewing quarterly performance and internal audit reports, approving, and reviewing various policies of the Fund.

All Members of the Board who held office during the period were committed to attend the Board meetings, except where it was not possible to do so. Below is a summary indicating the number of meetings attended by Board Members from 01 July 2021 to 30 June 2022.

Table 27	: Trustees meeting attendance	

			Number of meetings					
S/N	Name	Board	AC	FC	IC	GC		
1	Eng. Musa I. Iyombe	8	N/A	N/A	N/A	N/A		
2	Dr. Aggrey K. Mlimuka	7	N/A	N/A	5	3		
3	CPA. Stella E. Katende	8	4	N/A	4	N/A		
4	Ms. Susan B. Kabogo	7	N/A	4	5	N/A		
5	Mr. Victor F. Kategere	8	N/A	4	N/A	3		
6	Mr. Said A. Nzori	6	N/A	2	3	2		
7	Mr. Thomas C. Manjati	8	4	4	N/A	N/A		
8	Mr. Rashid M. Mtima	6	4	N/A	3	N/A		
9	Ms. Mazoea S. Mwera	8	4	N/A	N/A	3		

The Board operate through Committees that performs advisory role to the Board namely IC - Investment Committee; FC - Finance and Planning Committee; AC - Audit and Risk Committee; GC - Governance and Risk Committee;

Investment Committee

The PSSSF Investment Charter provides Guidelines on the objectives, composition, and functions of the Investment Committee

Th	he composition of the Investment Committee during the period was as follows:

Name	Position	Nationality	
Mr. Rashid M. Mtima	Chairperson	Tanzanian	
CPA. Stella E. Katende	Member	Tanzanian	
Dr. Aggrey K. Mlimuka	Member	Tanzanian	
Mr. Said A. Nzori	Member	Tanzanian	
Ms. Susan B. Kabogo	Member	Tanzanian	

Functions of the Investment Committee

The Investment Committee assist the Board in performing its functions with regard to investments in line with Fund's policies, plans and objectives. The committee functions include;

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

- i. Development of investment policies and guidelines.
- ii. Overseeing investment and re-investment of the funds.
- Monitoring management of investment funds by reviewing reports from the Management and Fund Managers and by discussions with Management at Committee meetings.
- iv. Evaluating investment performance of the Fund basing on benchmarks as the Board may from time to time select. The evaluation will take into account compliance with investment policies, guidelines and risk levels.
- v. Reviewing periodically and assess the adequacy of this charter and make recommendations to the Board changes whenever required.
- vi. Monitoring management to ensure that effective systems, processes and procedures of Project Management are in place.
- vii. Engaging Fund Managers and external consultants e.g. actuaries and other required professionals for investment activities.

Finance and Planning Committee

The Finance and Planning Committee is made up of four Trustees mandated to assists and advise the Board of Trustees in performance of its oversight functions on many aspects, including but not limited to the following: -

- i. Corporate plans.
- ii. Annual budgets.
- iii. Treasury Management strategies.
- iv. Risk Management.
- v. Financial management matters.
- vi. Procurements.
- vii. ICT governance.

viii. Actuarial Valuation.

ix. Performance of Operational Services

The composition of the Finance and P	anning Committee during	g the	period was as follows:
			COS CONST THE STATE

. . .

Name	Position	Nationality
Mr. Thomas C. Manjati	Chairman	Tanzanian
Mr. Victor F. Kategere	Member	Tanzanian
Mr. Said A. Nzori	Member	Tanzanian
Ms. Susan B. Kabogo	Member	Tanzanian

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board of Trustees to assist the Board in discharging its oversight responsibilities, the Committee is an advisory body without executive powers. In performing its duties, the committee will maintain effective working relationships with the Board of Trustees, Management, and the external and internal auditors.

Functions of the Committee

- i. The Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information.
- ii. The effectiveness of the Fund's Risk Management systems;
- iii. The effectiveness of the Fund's internal financial controls and other controls;
- iv. The effectiveness of the Fund's governance system;
- v. The independent audit process including recommending the appointment and assessing the performance of the external auditor;
- vi. The Fund's process for monitoring compliance with applicable laws, regulations, standards and best practice guidelines; and,
- vii. Fund's code of business conduct.

The composition of the Audit and Risk Committee during the period was as follows:

Name	Position	Nationality
CPA. Stella E. Katende	Chairperson	Tanzanian
Mr. Thomas C. Manjati	Member	Tanzanian
Mr. Rashid M. Mtima	Member	Tanzanian
Ms. Mazoea S. Mwera	Member	Tanzanian

Governance and Risk Committee

The Board of Trustees assigns its Legal, Human Resources and Administration Committee the oversight functions in the manner described below:

Functions of the Committee

The Governance and Risk Committee is mandated to assist the Board in the review and analysis of the following main areas:

- (a) Legal Affairs;
- (b) Administrative and Governance;

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) (c)Compensation structure;

- (d) Staff appointments and promotions;
- (e) Conduct an annual evaluation of the Committee
- (f) Disciplinary matters; and
- (g) Human resources policies.

The composition of the Governance and Risk Legal, Human Resources and Administration Committee during the period was as follows:

Name	Position	Nationality
Dr. Aggrey K. Mlimuka	Chairman	Tanzanian
Mr. Victor F. Kategere	Member	Tanzanian
Ms. Mazoea S. Mwera	Member	Tanzanian
Mr. Said A. Nzori	Member	Tanzanian

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

TRUSTEES GOVERNANCE STATEMENTS

The Board of Trustees made various assertion through statements to confirms their responsibilities while discharging their functions for the period as follows;

2.20.6 STATEMENT ON FAITHFULNESS AND VERIFICATION

The Trustees confirm that the current and future development investments of the Fund have been made in good faith and in the best interest of the Fund.

The Trustees further confirm that the current development and performance of the Fund can be verified and where relevant the source of the information has been cited, except for future development performance objective where the Trustee believe cannot be objectively verified.

2.20.7 STATEMENT ON OMISSION

Presentation of Financial statements that present a true and fair view of Funds' operation is a primary responsibility of the Trustees. The Trustees have reviewed the current financial position of the Fund and confirms that applicable accounting standards have been followed and that the Financial Statements have been prepared accordingly.

The Trustees have in place a robust control environment and procedures for preparation of financial statements and are not aware of any intentional omission or misstatement that could materially affect financial statements.

2.20.8 STATEMENT ON NEUTRALIITY

The Trustees consider the information contained in the operating and financial review to be free of all bias and retains balance, nothing has come to the Trustees attention to conclude that the information contained are not balanced and free of bias.

2.20.9 CORPORATE GOVERNANCE STATEMENT

The Trustees have complied with the principles and codes of best practice and applied them throughout the period under consideration, as such adopted the national objective on Good Governance that insist positive effect on various aspects of the government including compliance to policies and practices, procedures, service quality protocols and office conduct, role clarification and good working relationship.

2.20.10 STATEMENT ON CONTRACTUAL ARRANGEMENT

The Trustees have computerized most of key processes as such has contractual arrangement with persons/entity owning those software, hardware and other intellectual properties. The Trustee believes that no material contractual or other arrangements which are essential to the operation of the entity that has not been disclosed.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.20.11 STATEMENT ON OTHER RELEVANT MATTERS

The Fund has presented Key material issues that are relevant to the users understanding of Financial Statements; the Trustees have no other matters that are considered to be relevant for disclosure.

2.20.12 STATEMENT ON KPI'S MEASUREMENT

The Fund uses KPI's to measure the progress of the planned activities on quarterly basis which forms the base for Trustees to set and communicate performance targets and to measure whether are achieving them, there has been no relevant KPI left unattended during the period.

2.20.13 STATEMENT ON CONSISTENCY

Unless otherwise stated, the Trustees believe they have been reporting consistently, the planned and actual service performance information in order to facilitate users' assessment of the effectiveness and efficiency utilization of resource.

2.21 PRINCIPAL RISKS, UNCERTAINITIES AND OPPORTUNITIES

The Trustee have earmarked risk and uncertainties that could affect negatively achievement of strategic objectives and developed mitigation strategies that gives rise to opportunities as discussed below;

2.21.1 Uncertainties

The Trustee faces different Uncertainties while executing duties of serving members

2.21.2 Actuarial valuation

According to Public Service Social Security Fund Act No.2 of 2018 the scheme needs to undergo Actuarial valuation by actuarial specialists after every three years, so as to determine ability of the Fund's Assets to meet maturing benefits obligation.

The trustees considered such valuation pose uncertainty and add to trend and factors that affect Fund's ability to achieve corporate plan objectives as the valuation requires the use of estimates and significant judgements such as inflation and interest rates, Contribution collection and benefit obligation forecasts, cash flow forecasts and future administrative expenditure costs owing to that a small change in the assumptions, judgement or estimate can have a material impact in the Valuation report

For detailed description of judgements and estimates used refer Note 5 to the financial statements.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) 2.21.3 Uncertain economic growth

Favorable movement on Real GDP growth rate, inflation rate, interest rate and Exchange rate have a positive implication on the employment from which the Fund obtain members, furthermore a single digit inflation rate will enable the Fund to obtain better real return from investments, Interest and exchange rates are expected to attract foreign direct investments and thereby increase opportunities for more investments and potential members to the Fund.

2.21.4 Uncertainty on Tangible capital

Furthermore, the Fund own fleet of cars and other investment properties Uncertainties for these assets has been carefully planned for and mitigated against and outsourced by taking comprehensive insurance cover.

Trustees have assessed operational uncertainties of the Fund and measured their effects on the balance sheet as well as day-to-day operations, and concluded that no material uncertainty that have come to their attention, which might pose threat to the fund from achieving planned objectives.

2.21.5 Opportunities

The Fund has computerized key processes and integrated with other stakeholder's systems, use of Information and communication technology has improved service delivery, among improvement made is introduction of client portal, through Client portal the employer can generate invoice, pay the bill and obtain receipt. Such portal has enhanced financial sustainability through contribution collection and reduction of administrative cost.

The Fund adopted International Accounting Standards and National Financial Standards issued by IASB and NBAA respectively. Preparation of books of Accounts and its associated financial statements follow both International and National accounting standards, the Trustee have been participating to voluntary best presented financial statements competition organized by the NBAA, the scrutiny and selection involve an in-depth checklist compliance of all standards, a process which led the Fund to emerge with Best presented financial statement awards in Pensions Funds category in 2020/21.

Moreover, the Trustees has spotted opportunities on conducive operating environment aforementioned in 1.3, The Fund looks for industries, which are characterized by a vast multipliers effect in the economy and will continue monitoring investment opportunities already earmarked such as revitalizing Morogoro Canvas Mills, Moproco Seed Oil Company, Ginneries and Mponde Tea Factory.

Investment strategies in industrial projects are to invest in value chain industries that is one industry provides raw materials to others.

2.21.6 Risk Management and Internal Control

The Trustees accepts final responsibility for risk management and internal control system of the Fund. The Trustees ensures that adequate financial and operational control systems

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) are maintained on ongoing basis. The objective is to provide reasonable assurance on the following:

- (a) Safeguarding of Members funds and the Fund's assets;
- (b) Effectiveness and efficiency of operations;
- (c) Compliance with applicable laws and regulations;
- (d) Reliability of accounting records and financial information;
- (e) Sustainability of the Fund's operations under normal and adverse conditions; and
- (f) Responsive behavior towards stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Fund's system is designed to provide the Trustees with reasonable assurance that procedures in place are operating effectively. The Trustees have assessed the internal control system and generally satisfied as explained herein.

The Fund has a risk management framework and various policies through which it manages its risks. On the other hand, the Fund has an internal audit function which reports to the Board Audit Committee through which the Board monitors and directs corrective measures on the internal control environment. The table below provide detailed information on nonfinancial risks faced by the Fund and the Fund's general policies for managing the risks. On page 49 to 52, you will find a detailed explanation of exposure for each financial risk.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Risks	
-inancial	
Non-F	
e 28:	
Table	

3				
S/N	Risks	Impact	Risks Mitigation	Outcome
-	Cyber-attacks and	The Fund has automated most of kev	The Fund has in place controls for accessing data and	
	leakage of important	processes, data processing and		Data and information
	rung information	resulting information dissemination and production must be carefully	security policy.	
	Key Risk Indicator	managed.		ennance rung reputation and brand image.
	Number	The Fund is at risk of cyber or	The Fund has automated role tailored systems, which limit data and information access according to the	Reputation is of
	Incidences or cases of cyber attacks	malicious attack due to expired	roles and responsibilities of specific user.	unt importance
	or cyber areaevo		start and selected ICI application systems users from other Directorates Units and Social Social	stakeholders a
		lard data	mandatory training modules to ensure they understand	primary users of information.
		classified information access by	the importance of data security and their obligations	
		unauthorized third part is considered a threat.	in relation to the data they access.	
2	Compliance Risk	Compliance to Internal Policies. rules	• The Fund has in place a compliance matrix for all	
			Internal Policies, rules, regulation, laws and standards	financial sustainability due
	Key risk indicator	both international and national	which guide Fund compliance.	to the fact that
	Internet and south.		 Training to staff on awareness and compliance matters 	st
	for non-compliance	ile, regulatio	in areas of responsibility	minimized in terms of
		iaws allo standards give rise to		unnecessary payment of
^	Onorational vick	penauty		interests and penalties
n		č	Managing operational risks in the Fund is an integral	Better managed operational
	Key risk indicator	finaucquate systems, management failures, ineffective internal control	 Dart of day-to-day operations by the Management. The Management Internal Audit Europtics Audits and 	risk gives rise to:
		processes, fraud, theft and human	Risk Committee and the Board of Trustees are actively	 Investment opportunity
	y of	errors. The Fund addresses this risk	involved in monitoring process	Enhance brand image and
	0	through, inter alia, ensuring existence	 Presence of Operation manual which guide registration 	reputation of the Fund
	bene	of Business Continuity Plan (BCP) and	of members, collection of contribution and payment	 Safeguard asset
	obugation to	sound internal control system. Main	procedures of benefit to eligible members.	Enhance financial
		Instruments of the internal control		sustainability due to
	• Detays in Defierting	system include operational and	Ihe Fund has in place a business continuity plan and	voluntary compliance of
	hincessilig	procedural intariuals, and policies and	disaster recovery policy.	remitting contribution
		audit function	 Investment and Treasury Management Bolics	deducted on time
			- Introduicite and it casuly management roucy which	•
			61	

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

S/N	Risks	Impact	Risks Mitigation	Outcome
			guide on investment of excess funds according to risk and return and portfolio diversification	
4	Legal risk	This risk arises from possible litigations instituted by or against the	In mitigating this risk, the Fund operates a fully- fielded least Services this and for each contract	Enhance brand image and
	Key risk indicator	Fund and uncertainty of contracts	entered into by the Fund, there is a contract manager reconciled for manager the form	ובטענמנוטון טו נוופ רעוום
	Loosing litigations		specific contract entered by the Fund	
ഹ	Reputation risk		The Board of Trustees and the Management ensure that	 Enhance brand image of
	Key risk indicator	that it performs its functions and maintains its reputation as a Social	they fulfil their fiduciary responsibilities by applying principles of sound corporate governance and admiting	
		Security Scheme in accordance with	best practices in the industry	
	Fund exposed to bad	PSSSF Act and other applicable laws		
	image	and regulations		
9	Financial risk	The Fund's operations are exposed to	Financial risk management are of paramount importance	Enhance Financial
	Key risk indicator	Tinancial risk namely, market risk, Default risk and liquidity risk	due to the nature of Fund's operation	sustainability due to
	-		Risk assessment together with related management	of investment portfolio
	Fund inability to	Inability of the Fund financial	technics are as elaborated hereunder: -	_
	financial obligations	resources to meet maturing obligation might damage reputation.		

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Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) 2.21.7 Risk and Internal Control Assessment

The Fund invests principally in Treasury Bonds, Treasury Bills, Corporate Bonds, Loans, Fixed Deposits and Receivables. The main purpose of these financial assets is to generate revenue to the Fund. The Fund takes some degree of risk in making such investments. The principal risks of the Fund include credit risk, liquidity risk and market risk (interest rate risk, foreign exchange risk and price risk).

The Fund's investment portfolio consists of 98.41% of the Fund's assets. These portfolios need to be safeguarded, monitored and properly managed. The Fund has identified risks affecting investment activities and put in place mitigation plans to manage and maintain these assets at acceptable/tolerable levels.

Table 29 below shows classification of risk and allocation of investible funds whereby class 1 is the category with the lowest risk and class four is the category of highest risk.

Investment Category	% of total planned investment	Impact	Likelihood	Risk class
Government Securities	78.95%	M	R	1
Corporate Bonds	0.00%	M	R	1
Fixed Deposits	9.58%	Н	M	3
Equities	3.81%	M	M	3
Real Estate	5.62%	Н	M	3
Loans	0.47%	Н	H	4

Table 29: Classification of Risk and Allocation of Investible Fund - Internal limits

R= Rare, M= Moderate and H= High

Table 30: Investment portfolio Risk and Mitigation Plan

Risk Category	Characteristics	Risk Level	Mitigation Plan
Credit risk	Loss of funds or income due	Н	Effective investment policy
	to debtor's		Lending limits as per
	inability/willingness to repay		guidelines
	as a result of bankruptcy or	-	Regular monitoring
	insolvency		Ensure existence of
			collateral or guarantees
Liquidity risk	Failure to meet maturing	Н	Comprehensive cash flow
	obligations like honouring of		management
	contractors' certificates,		
	benefit s payment, etc.		
Market risk	Loss of value of investment	М	Diversification of
	due to market fluctuation		investment portfolio
Interest rate risk	Possible loss of income due to	M	Diversification of
	interest rate fluctuation		investment portfolio

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REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

In totality, the investment process affected by credit, liquidity, market and interest rate risks. Mitigation plans for these risks narrated below:

2.21.8 Interest Risk

Interest risk is a market risk emanating from changes in value of assets of the Fund as a result of adverse price movement for investments held by the Fund. Investment in long term government securities with fixed income is one way of mitigating interest rate risk in volatile markets.

2.21.9 Foreign Currency Risk

The foreign exchange risk (currency risk) is the risk arising from changes in the value of foreign currencies. The Fund has no significant foreign currency transactions hence the effects of foreign exchange risk are minimal. Where necessary, the Fund negotiates forward contracts in order to settle future transactions denominated in foreign currencies.

2.21.10 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. Apart from Government based credit lines, the Fund does not have significant concentration of credit risk in other areas. However, in order to minimize credit risk, the Fund has set limits on different categories of investments and has also set exposure limits for each bank where it makes placements of funds. Loan appraisals, investments appraisals and approval processes are in place to mitigate this risk. For Government based lending, the Fund is taking measures to ensure that all the required guarantees and assurances are in place. Other loans have cash collaterals placed on them.

2.21.11 Liquidity Risk

Liquidity risk is the risk of failing to meet obligations when they fall due. Liquidity risk may also arise from inability to sell financial assets quickly at close to its fair value. The Fund is exposed to daily calls on its available cash for benefits payment and other administrative expenses. The Fund manages 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 commitments and administrative expenditure. The Fund carries out weekly cash flow projection which is discussed by Management Investment Committee for investment decisions. Main sources of funds include monthly pension contributions and income from investments.

2.21.12 Safeguarding of Fund's Assets

The Trustees are responsible for safeguarding the assets of the Fund. The Board has approved various policies including, but not limited to, financial policy, investments policy, human resources policy and internal audit manual in order to strengthen the internal control environment. These are reviewed from time to time to align with the

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) dynamics of the operating environment. The Trustees are pleased to report that during the year under review, no material incidents of fraud were encountered.

2.21.13 Reliability of Accounting Records and Financial Statements

The Fund has employed sufficient and competent staff in the Directorate of Finance and has in place a computerized accounting system. Accordingly, proper books of accounts have been maintained and the Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS).

2.22 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed under Note 44 to these Financial Statements.

2.23 POLITICAL AND CHARITABLE DONATIONS

PSSSF donations is guided by Corporate Social Investment policy (CSI) which focus in areas of Public Health, Sanitation, Environment, Poverty Eradication, Skills Development, Education, Job Creation, Orphaned and Vulnerable Children (OVC), Disadvantaged Groups, Sports Development, and in other areas of public interest.

In compliance with CSI, the Fund spent TZS 459.06 million (2020/21: TZS 142.98 million) as donations to support the community in which the Fund operates in form of social and financial aid. Donations made by the Fund were mainly in those areas as mentioned in the foregoing paragraph.

The Fund did not make any political donations during the period (2020: NIL).

2.24 ENVIRONMENTAL MATTERS

The Trustees recognize that environmental protection is a contemporary agenda. The Fund monitors the impact of its operations on the environment, which is mainly through the use of power, water and generation of waste. The Fund minimizes its impact through better use of its premises and facilities to ensure that there is proper waste management.

All the Fund's investments are environmentally friendly, and if applicable, investments financed by the Fund must be subjected to Environmental and Social Impact Assessment (ESIA). The Fund supports the national campaign for environmental protection

The Trustee has computerized key processes and modernized records storage system by introducing paperless processing of benefits and other administrative documents as measures to preserve environment in which the Fund operate.

2.25 HEALTH AND SAFETY

The business activities carried out by the Fund is services in nature. The Board ensures that the working environment is clean at all times, as authorized firms have been engaged to ensure that the working environment is clean and attractive. Fire extinguishers have

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) also been installed in office buildings to ensure that unexpected fire incidents are contained.

2.26 EMPLOYEES' WELFARE

The Fund has the following employees' welfare arrangements:

2.26.1 Training

The Fund offers sponsorship to its employees both in short- and long-term courses within the country on various disciplines depending on the corporate needs and financial resources available. In addition, the Fund supports employees' own initiatives for both short and long-term training.

2.26.2 Medical Facilities

The Fund pays premium to the National Health Insurance Fund for them to provide medical insurance scheme to its employees and their immediate family dependents. Under the Act, the premium payable by an Employer is 6% of the employee's monthly salary constituting 3% deducted from the employee's salary and 3% contributed by the employer

It also pays contribution to the Workers Compensation Fund to provide compensation to employees who may suffer occupational injuries or contract occupational diseases arising out of work and in the course of their employment. The contributions payable by an Employer is 0.5% of the employee's monthly salary.

Table 31: Employees welfare

S/No	DETAILS	30 June 2022	30 June 2021	
		TZS''000	TZS''000	
1	Workers Compensation Fund	210,109	201,393	
2	National Health Insurance Fund	1,348,003	1,240,379	

2.26.3 Retirement Benefits

The Fund pays contributions to the Public Service Social Security Fund to provide social security benefits to employees on retirement due to age, invalidity or in the event of death. The contributions payable by an Employer is 20% of the employee's monthly salary constituting 5% deducted from the employee's salary and 15% contributed by the employer.

Table 32: Contribution distribution

S/No DETAILS		30 June 2022 30 June 2021		
		TZS''000	TZS''000	
1	Employer's contribution	1,103,936,556	1,014,867,153	
2	Employee's contribution	375,089,077	340,271,612	

The Fund's information's are in par 2 above in summary. For detailed and complete information about the Fund, reference should be made to the PSSSF Act and Fund's website <u>www.psssf.go.tz</u>

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) 2.27 STAKEHOLDERS RELATIONSHIP

The Fund engages with a number of stakeholders internal and external, which have various needs and expectations from the Fund;

2.27.1 Relationship between Management and Employees

A healthy relationship continues to exist between the Management and employees. Management liaises and communicates with employees, for inputs, on matters relating to the Fund's operations and its employees' welfare. Such matters include, but not limited to, long and short-term plans, budgetary allocations and operational efficiency.

Regular meetings with employees' representatives are held to discuss matters as part of employees' involvement in the Fund's decision-making process.

These meetings provide important forums form important ingredients into the Management decision-making process. During the year ended 30 June 2022, there were no unresolved grievances or disputes received by the Management from the employees.

2.27.2 Relationship between Management and Other key Stakeholders

The Fund has identified key stakeholders and has undertaken an assessment of their interests and the ways in which these interests affect the Fund's operations. The purpose of the analysis was to determine the extent to which each stakeholder influences the achievement of the objectives of the Fund. The summary of Stakeholders' analysis is as at Table 32.
REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Table 33: Stakeholder Analysis

 Government as sponsor and Employer(Central, Local, Agencies and Parastatals) Regulators Regulators BOT, PPRA, NBAA BAA, TCRA Trade Unions TTAGE Unions TTAGE Unions TUICA, CWT ATE, TUGHE TUCTA, CWT ATE, TUGHE TALGWU, TUICO, RAAWU. Rembers Contributing members. Suppliers, Contractors Media, Mouses, Social Media, Banks and Social Security Associations 	Needs/Expectations	Role	Stakeholders Management Strategy
Emptoyer(central, Local, Agencies Parastatals) BoT, PPRA, NBA BoT, PPRA, NBA Trade Unions Trade	•	Guarantor and sponsor of the Fund	Timelv provision of reports regarding operations
Parastatals) Parastatals) Regulators BOT, PPRA, NBA - TRA, OSHA, TCR Trade Unions - TUCTA, CWT - TUCTA, CWT - ATE, TUGHE - TALGWU, RAAWU. Members - Pensioners & sur RAAWU. Members - Contributing mel - Contributing mel - Service pr & Financial Institution - Service and - Security Associat - Security Associat	_	 Develop and/or review social security 	and performance of the Fund
Regulators BoT, PPRA, NBA BoT, PPRA, NBA Trade Unions Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. RAAWU. Members Pensioners & sur Contributing met Contributing met Frinancial Institutio Banks and Security Associat Security Associat	and Fund	 Policy, Provide continued commitment 	 Compliance of law, regulations, guidelines and
Regulators BoT, PPRA, NBA BoT, PPRA, NBA Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. Members Pensioners & sur RAAWU. Members Pensioners & sur Pensioners & sur Pensioners & sur Pensioners & sur Media Houses, Media Houses, Media Security Associat Security Associat	Gunnort Communit initiation	and support to the Fund	directives
Regulators BOT, PPRA, NBA/ • TRA, OSHA, TCR • Trade Unions • TUCTA, CWT • ATE, TUGHE • TALGWU, RAAWU. Members • Pensioners & sur • Contributing met • Contributing met • Contributing met • Service pr & Financial Institutio • Service and • Banks and • Banks and • Security Associat		 Payment of Debts and adhere to the 	 Engagement meetings
Regulators BoT, PPRA, NBA BoT, PPRA, NBA Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. Members Pensioners & sur Admuers Contributing met Contributing met Frinancial Institution Barks and Security Associat Security Associat	the members on rodictration		employer's relations.
Regulators BOT, PPRA, NBA/ Trade Unions Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. Members Pensioners & sur Members Contributing met Service Profilers, Contra Media Houses, Media Houses, Media, Security Associat Security Associat	contribution and henefit normont		 Improve communication and feedback
Regulators BOT, PPRA, NBA Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. Members Pensioners & sur Contributing men Service Efinancial Institution Banks and Security Associat Security Associat	status	 Submission of relevant documents. Efficient running of the Fund. 	 Mechanism. Maximize return and effective cost control
Regulators BOT, PPRA, NBA, Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. RAAWU. RAAWU. RAAWU. RAAWU. Pensioners & sur Contributing mei Pensioners & sur Pensioners & sur Pe	 Sustainability of the Fund 		
 Bol, PPKA, NBA, CRA, OSHA, TCR Trade Unions TUCTA, CWT ATE, TUGHE ATE, TUGHE TALGWU, RAAWU. Members Pensioners & sur Contributing mei Service Service Service Service Service Service Banks Banks Banks Security Associat 	 Adherence to relevant statutes, 	 Regulate, control and supervise 	 Compliance with relevant statutes. regulations.
TRA, OSHA, TCR, Trade Unions Trade Unions TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. RAAWU. Members Pensioners & sur Contributing met Service EFinancial Institution Service Media Houses, Media, Media, Security Associat		operations of the Fund.	guidelines, circulars and directives.
Trade Unions • TUCTA, CWT • ATE, TUGHE • ATE, TUGHE • ATE, TUGHE • TALGWU, RAAWU. RAAWU. RAAWU. RAAWU. RAAWU. RAAWU. RAAWU. Rembers • Pensioners & sur • Contributing met Service pr & Media Houses, Media Houses, Media Security Associat			
TUCTA, CWT ATE, TUGHE TALGWU, RAAWU. RAAWU. Rembers Pensioners & sur Contributing met Service Frinancial Institution Service Media Houses, Media, Banks and Security Associat	Timely & quality service at minimal	Promote labour relations	 Establish harmonious relations
 ATE, TUGHE TALGWU, RAAWU. RAAWU. Rembers Pensioners & sur Pensioners & sur Contributing met Contributing met Service Banks Banks Security Associat 	cost	 Hands off. eves on 	 Efficient convice delivery.
 TALGWU, RAAWU. RAAWU. Rembers Pensioners & sur Pensioners & sur Contributing met Service Service Pr Banks Security Associat 	Employees' right to form and join	Establish Workers Union at work place	 Increase productivity.
RAAWU. Members • Pensioners & sur • Contributing mei Service pr &Financial Institutioi • Suppliers, Contra • Media, Houses, Media, and • Banks and Security Associat	TUICO, trade unions.	Particinatony decision making	- mich case productivity.
Members • Pensioners & s • Contributing rr Service &Financial Institut • Suppliers, Coni • Media Houses Media, • Banks and Security Associ	•		
 Pensioners & s Contributing rr Contributing rr Service Service Service Media Housee Media, Banks and Security Associ 	Excellent service delivery and	Owner of the Fund	 Improve service delivery (mline services)
 Contributing IT Service &Financial Institut Suppliers, Conit Media Housee Media, Banks and Security Associ 	complaints management systems	ice of	monthly • Business processing reengineering
Service EFinancial Institut • Suppliers, Coni • Media Housee Media, • Banks and Security Associ	bers. • Timely payment of benefits		 Implement effectively client service charter
Service &Financial Institut • Suppliers, Coni • Media Houses Media, • Banks and Security Associ	 Timely update of contributions 	 Submission of relevant documents 	
 Erinancial Institutions Suppliers, Contract Media Houses, 5 Media, Banks and 5 Security Association 	iders •	To provide service according to	Implement Effectively contracts' management and
rs, Contra Houses, and / Associat		agreement	agreements.
Houses, and / Associat	•	 To provide standards 	 Initiate/consider business relationships
and / Associat	Social management and agreements.	 Business relationship 	 To provide accurate and appropriate information
and y Associat	 Timely payment of bills. 	 Quality of service 	
Security Association	ial •	 Custodianship 	
	international	-	
	practice and corporation		

AR/PA/PSSSF/2021/22

Controller and Auditor General

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2.28 DISABLED PERSONS AND GENDER BALANCE

2.28.1 Disabled persons

The Fund gives equal opportunities to persons with disabilities for vacancies they are able to fill.

2.28.2 Gender parity

In line with existing Employees and Labor Relation Act 2004 The Fund is an equal opportunity employer, as it has no discriminatory policies or practices. As at 30th June 2022, the Fund had the following distribution of employees by gender:

Gender	30 June 2022	30 June 2021
Female Male	313 359	313 362
Total	672	675

As explained above the Fund employee's distribution by gender, age wise 564 employees' falls between the age of 35 and 55 years, whereas 90 employees are aged below 35 years of age and 18 are above 55 years.

2.29 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the Fund observed compliance to other applicable laws and regulations, policies and guidelines, which have impact on the Fund's operations. These include The Income Tax Act and The Public Procurement Act, and its regulations. The Trustees confirm that the activities and operations of the Fund were conducted in accordance with the PSSSF Act and other applicable laws and the Trustees are not aware of non-compliance that would have material impact on the Fund.

2.30 SERIOUS PREJUDICAL MATTERS

During the period ended 30 June 22, there were no serious prejudicial matters to report which were outside the control of the Fund in achieving its objectives, as required by the Tanzania Financial Reporting Standard No.1.

2.31 PUBLICATIONS OF THE REPORT

As per the requirements of the NBAA Technical Pronouncement No.1 of 2018, The Trustees will publish in the Funds' website, the Governance report along with financial statements within thirty days after been approved.

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED) 2.32 STATEMENTS OF COMPLIANCE

The Trustee's Governance Report has been prepared in full compliance with the provisions of Tanzania Financial Reporting Standards No 1 and all other statutory legislations relevant to the Fund.

2.33 EVENTS AFTER REPORTING PERIOD

The Fund received directives from the Government of United Republic of Tanzania to refund 5% of the Members contribution by Employees who were terminated from public service on the bases of forged certificates. Management considers this as adjusting events because this matter was being contemplated, as at 30 June 2022, there was uncertainty about the amount, which was subsequently decided. Included under Note 7 is the amount for contribution refund amounting to TZS 22.19 billion, being provided by the Fund as at 30 June 2022.

In addition, the Fund started implementing a new pension formula introduced through "The Social Security Schemes (benefits) (Amendment) Regulations, 2022" on 1st July 2022 as per the Government Notice No. 357 published on 20th May 2022.Parametric reforms recommended shall enable the Fund improving the liquidity and net asset positions as benefits outgo are expected to match with contribution income.

The Trustees are not aware of any other matters or circumstances arising after the reporting period that requires adjustment to or disclosure in the Financial Statements.

2.34 AUDITORS

The 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 and amplified in section 10 of the Public Audit Act, Cap 418. However, in accordance with section 33 of the same Act, M/S Ernst and Young was appointed through procurement procedure by the Controller and Auditor General to carry out the audit of Financial Statements of the Public Service Social Security Fund for the year ended 30 June 22. M/S Ernst and Young carried out the assignment jointly with the Controller and Auditor General, rotation of engagement normally is three years or as the Controller and Auditor General deem fit.

BY THE ORDER OF THE BOARD

Eng. Musa I. lyombe Chairperson of the Board of Trustees

CPA. Hosea E. Kashimba Director General

Date: 12112 2022

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

2. STATEMENT OF TRUSTEES RESPONSIBILITY

The Trustees are required by the Public Service Social Security, Fund Act, Cap 371 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 its changes in net assets 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 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 the International Financial Reporting Standards (IFRS) and in compliance with the Public Service Social Security Fund Act.

The Trustees are of the opinion that the Financial Statements for the period give a true and fair view of the state of the financial affairs of the Fund and of its changes in net assets for the period. The Trustees further accepts 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.

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

Eng. Musa I lyombe Chairperson of the Board of Trustees

CPA. Hosea E. Kashimba Director General

Date: 12/12/2022

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3. DECLARATION BY THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2022

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

It is the duty of a Professional Accountant to assist the Board of Trustees to discharge the responsibility of preparing Financial Statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Financial Reporting Standards (IFRSs) and statutory financial reporting requirements. Full legal responsibility for the preparation of Financial Statements rests with the Board of Trustees as declared under the Statement of Trustees' responsibilities on an earlier page.

I, **Beatrice Musa-Lupi**, the Director of Finance of Public Service Social Security Fund hereby acknowledges my responsibility of ensuring that Financial Statements for the year ended 30 June 22 have been prepared in compliance with the International Financial Reporting Standards (IFRSs) and the Public Service Social Security Fund Act, Cap 371.

Thus, I confirm that the Financial Statements give a true and fair view of the position of the Public Service Social Security Fund as on that date and that they have been prepared based on properly maintained financial records.

Signature: Phase '

NBAA Membership number: ACPA 2225

Date: 12/12/2022

STATEMENT OF NET ASSETS AVAILABLE FOR THE BENEFITS AS AT 30 JUNE 2022

Assets	NOTE	As at June 2022 TZS '000'	As at June 2021 TZS '000'
Cash at bank and in hand	21	201,166,525	282,943,863
Deposits with financial institutions at amortized costs	22	377,854,079	183,739,651
Equity Investments at fair value	23	571,006,603	542,074,660
Mutual Funds' Investments at fair value	24	246,237,431	223,663,735
Government securities at amortized cost	25	4,530,331,965	4,700,205,797
Corporate bonds at amortized cost	26	7,913,948	3,041,338
Prepayments	27	8,919,057	7,230,041
Receivables	28	147,683,793	88,350,863
VAT and WHT Recoverable	29	6,781,885	7,643,726
Loan investments	30	321,448,918	323,985,694
Tradable Inventories	31	11,459,796	114,022,146
Investment properties	32	1,111,400,358	1,167,163,180
Associates and Joint Ventures	33	70,918,849	41,786,376
Investment in subsidiaries	34	250,172,518	257,765,365
Stationery and Consumables	35	289,236	330,271
Right-of-Use Asset	36	892,633	1,190,622
Intangible assets	37	981,949	993,555
Property and equipment	38	94,948,678	14,011,493
Deferred tax	39	68,586,347	280,062,876
Total Assets		8,028,994,568	8,240,205,252
Liabilities			
Benefits payable	40	469,078,005	696,221,722
Lease Liabilities	41	1,031,482	1,188,973
Other payables	42	24,030,784	34,728,295
Provisions	43	8,753,394	5,367,997
Payables to Related parties	44	21,415,545	19,570,386
Corporate Tax Payable	45	89,023,912	141,422,963
Total Liabilities		613,333,122	898,500,336
Total Net Assets		7,415,661,440	7,341,704,916

Eng. Musa I lyombe Chairperson of the Board of Trustees

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CPA. Hosea E. Kashimba Director General

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PUBLIC SERVICE SOCIAL SECURITY FUND STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE PERIOD ENDED 30 JUNE 2022

Contributions and Benefits	NOTE	30-Jun-22 TZS "000"	30-Jun-21 TZS "000"
Members Contributions	6	1,526,268,288	3,597,611,693
Benefits expenses	7	(1,697,817,673)	(2,187,053,595)
Net Deficit from dealings with members		(171,549,385)	1,410,558,098
Returns on investments		(***)***,***,****	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Interest income Calculated Using Effective	8	499,592,389	381,589,662
Interest Rate	-	,	501,507,00Z
Other interest and similar income	9	31,560,846	27,812,088
Dividend income	10	26,817,747	41,067,773
Rent Income	11	30,389,984	33,256,768
Change in Fair Values	12	(798,145)	128,691,815
Total returns on investments		587,562,821	612,418,106
Other Income		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	- 12, 110, 100
Other income	13	36,541,293	34,263,251
Total Other Income		36,541,293	34,263,251
Net income before expenses		452,554,729	2,057,239,455
Expenses		, ,	
Administrative expenses	14	73,061,871	68,831,975
Statutory Expenses	15	2,616,568	3,206,438
Investment Management Expenses	16	14,939,949	14,502,441
Depreciation & Amortization	17	4,968,192	8,625,958
Impairments	18	40,574,970	513,146,372
Interest Expense on Lease	19	122,069	158,937
Total expenses		136,283,619	608,472,121
Increase/Decrease in net assets for the year			
before income tax		316,271,110	1,448,767,334
come tax charge	20	242,314,586	(148,995,358)
Decrease/Increase in net assets after income		73,956,524	1,597,762,692
tax			
Net assets available for benefits at beginning of the period		7,341,704,916	5,743,942,224
Net assets available for benefits at the end of the period		7,415,661,440	7,341,704,916

Eng. Musa I lyombe Chairperson-of the Board of Trustees

ner CPA. Hosea E. Kashimba **Director General** 74

PUBLIC SERVICE SOCIAL SECURITY FUND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

CASH FLOWS FROM OPERATING ACTIVITIES	Note	June 2022	June 2021
Receipts from contributions	79 (-)	TZS"000"	TZS"000"
Receipts from penalties	28 (a)	1,463,432,524	1,394,441,501
Other income	28.(b)	5,857,449	4,960,480
Benefit disbursements	28 (c) 40	13,798,016	4,557,210
Administrative expenses	40	(1,924,961,388)	(1,914,481,239)
Income Tax Paid	45	(98,110,343)	(87,611,435)
NET CASH FLOWS USED IN OPERATING ACTIV		(83,237,109)	(71,820,370)
HET GASHT LOWS OSED IN OF ERATING ACT	VIIILS	(623,220,851)	(669,953,853)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received	28(d)	27,311,878	40,656,667
Rent received	28(e)	29,648,823	28,262,406
Investment in placements with banks	22	(287,817,500)	(146,220,356)
Redemption of placements with banks	22	103,226,287	139,010,574
Investment in government securities	25	(101,009,537)	(175,591,863)
Redemption of government securities	25	763,160,884	557,586,573
Investment in corporate debt instruments	26	(5,000,000)	(1,000,000)
Redemption of corporate debt instruments	26	354,582	17,068,261
Equities Investments	23	(13,546)	
Issuing of loan term loans	30	(13,978,812)	
Repayment of long-term loans	30	13,719,553	324,868,096
Purchase of Property, Plant and Equipment	38	(1,116,202)	(1,145,016)
Disposal of Property, Plant and Equipment		300,422	
Purchase of intangible assets	37	(216,318)	•
Payment for acquisition of investment property	32	(146,784)	(1,439,788)
Proceeds from Associate and Joint Ventures	33	719,625	293,800
Investment in Subsidiaries	34	0	(36,057,959)
Receipts from sales of plots and houses	31	1,440,270	5,798,790
Proceeds from other receivables		11,395,061	3,411,716
NET CASH FLOWS FROM INVESTING ACTIVITI	ES	541,978,683	755,501,901
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for the principal portion of lease	41	(157 202)	(2(2,24))
Payment for the interest portion of lease	41 41	(257,293)	(363,621)
NET CASH FLOWS USED IN FINANCING ACTIV		(122,069) (379,362)	(158,938)
HET CASHT LOWS USED IN THANCING ACTIV	11163	(379,302)	(522,559)
Net cash flows before adjustments for the effects of foreign exchange rates changes		(81,621,527)	85,025,489
Effect of exchange rate changes in cash and		(155,809)	3,646,351-
cash equivalent		(155,667)	3,040,331-
Net Increase in Cash and Cash Equivalents		(81,777,337)	88,671,840
Cash & Cash Equivalents at beginning		283,574,769	194,902,929
Cash & Cash Equivalents at closing	21	201,703,151	283,574,769
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Eng. Musa I Iyombe	-	CPA. Hosea E. Ka	shimba
Chairperson of the Board of Trustees		Director General	siiiiliba
enaligerson of the board of frustees		Director General	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. FUND INFORMATION

The Public Service Social Security Fund was established by the Public Service Social Security Fund Act, Cap. 371 ("PSSSF Act"). The Act applies in Mainland Tanzania in respect of all employers and employees in the Public Service. The Act provides for administration and investment of social security funds in respect of the employees in public service.

The Fund is governed by the Board of Trustees under the Ministry of Labour, Youth, Employment and Persons with Disability. The Board collects contributions from employees and employers in the Public Service, invests the funds and pay benefits to the Members in accordance with the provisions of the PSSSF Act.

Public Service Social Security Fund is registered under the PSSSF Act as a Defined Benefit Fund. The address of its registered office is:

Public Service Social Security Fund, Head Office, PSSSF House, Makole Road, P.O. Box 1501, DODOMA. Info@psssf.go.tz www.psssf.go.tz

The information given above 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 PSSSF Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Note provides a list of the significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

Compliance with IFRS

The Financial Statements of the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The Financial Statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The Financial Statements for the period ended 30 June 2022 were prepared for 12 months, and should be read in conjunction with the Financial Statements for the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 Measurement of Assets and Liabilities

The Fund financial statements have been prepared on a fair value basis, except for the following;

- Government Securities measured at amortized cost,
- Corporate Bond measured at amortized cost,
- Deposits with financial institutions measured at amortized cost
- Loan investments measured at amortized cost and
- Plant, property and equipments measured at cost

Currency

The financial statements are presented in Tanzania shillings (TZS) which is the functional currency and the amounts are rounded to the nearest million, except where otherwise indicated.

(b) Basic of assets valuation

The international financial reporting standard 13 provided various valuation techniques and does not restrict on the applicability. During the period, the following valuation techniques have been used: -

- Investments properties were valued by using replacement cost method
- Unlisted equities were valued by using average of market approach through the use of market multiples and adjusted net asset method
- Associates and joint ventures were valued by using average of market approach through the use of market multiples and adjusted net asset method
- Subsidiaries were valued by using average of market multiples and adjusted net asset method
- Listed equities were valued by using market price prevailing in Dar es salaam Stock Exchange at the reporting date
- Mutual Funds were valued by using the net asset value (NAV) prevailing at the reporting date
- Trade inventories (houses) were valued by using replacement cost method,
- Trade inventories (plots) were valued by using market approach,

(c) Changes in Accounting and Disclosures

(i) New and Amended Standards Effective During the Period

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Fund cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Fund applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. Prior to the application of the amendments, the Fund had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Fund in determining the costs of fulfilling the contracts.

The Fund, therefore, did not have an onerous contract hence no provision was made.

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Fund applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Fund as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Fund applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Fund as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's financial statements, based on the parent's date of transition to IFRS, if

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Fund as it is not a firsttime adopter.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Fund applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Fund as there were no modifications of the Fund's financial

(ii) New and Amended standards and Interpretations Issues but Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are not expected to have a significant impact on the Fund's statement of net assets available for benefit and statement of changes in net assets. However, for disclosure purposes, below are new standards/amendments with key requirement and effective dates: -,

Standard or Key requirement amendment

IFRS 17 This is a comprehensive new accounting standard for insurance 01 January Insurance contracts covering recognition and measurement, presentation 2023 and disclosure. Once effective, IFRS 17 will replace IFRS 4 -Contracts Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The Group is still assessing the impact of amendments to IFRS 17.

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Effective

Date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Definition of In February 2021, the IASB issued amendments to IAS 8, in which 01 January Accounting it introduces a definition of 'accounting estimates'. The 2023 Estimates amendments clarify the distinction between changes in Amendments accounting estimates and changes in accounting policies and the to IAS 8 correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are not expected to have a material impact on the Fund's financial statements.

Classification of Liabilities as Current or Non-current -Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial 01 January Statements clarify that liabilities are classified as either current 2023 or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Standard or Key requirement amendment

Effective Date

Disclosure of Accounting Policies -Amendments to IAS 1 and **IFRS** Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS 01 January Practice Statement 2 Making Materiality Judgements, in which it 2023 provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Fund is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Deferred Tax In May 2021, the Board issued amendments to IAS 12, which 01 January related to narrow the scope of the initial recognition exception under IAS 2023 Assets and 12, so that it no longer applies to transactions that give rise to Liabilities equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or arising from a after the beginning of the earliest comparative period Single Transaction presented. In addition, at the beginning of the earliest Amendments comparative period presented, a deferred tax asset (provided to IAS 12 that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Fund is currently assessing the impact of the amendments.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions. The Fund will adopt all new standards and interpretations effecting its operations on their effective dates.

(d) Basis of Consolidation

The Fund is an investment entity and, therefore, it holds its investments in subsidiaries at fair value rather than consolidating them. The Fund also holds its interests in associates and Joint Ventures at fair value. Investments in subsidiaries, associates and Joint Ventures are classified at fair value through profit or loss in accordance with IFRS 10.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(e) Revenue Recognition

Revenue is recognized 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 the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Fund has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized.

(i) Contributions

Contributions are accounted for in the period in which they fall due. Employers' and employees' contributions are accounted for on accrual basis. Accrual is made based on actual salaries paid to Members of the Fund.

(ii) Rent Income

Rental income from operating leases on investment property is recognised on a straight-line basis over the lease term and is included in revenue in the statement of changes in net assets available for benefits.

(iii) Interest Income

For all financial instruments measured at amortised cost and other interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR) method. Interest income is recognised for all interest-bearing instruments using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments. Interest income for all interest-bearing financial instruments is recognised in the statement of changes in net assets available for benefits using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating the interest income. The effective rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial instrument or when appropriate, to a shorter period to the net carrying amount of the financial asset.

(iv) Service

Revenue from sale of services are recognized in the period in which the services are rendered by reference to completion of the specific transactions assessed on the basis of actual services provided as a percentage of the total services to be provided.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(v) Additional Contribution (Penalty)

Penalty is recognized on accrual basis and computed on contribution received. The computation of additional contributions is made in accordance with Section 19 (1) of the Public Service Social Act, Cap 371. Where an employer fails to remit to the Fund the whole or any part of the contributions required to be remitted by him within 30 days after the end of the month to which the contributions relate, a sum equal to one and a half percent of the amount which such employer has failed to remit shall become due from and payable by such employer by way of additional contribution.

(vi) Dividend Income

Dividend income is recognised in the period in which the right to receive payment is established, which is when the shareholders approve the dividend.

(f) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The Financial Statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousand, which is the Fund's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies during the period are converted into Tanzania Shillings ("TZS") at rates prevailing at the transaction dates. Monetary items denominated in foreign currency are translated using the functional currency spot exchange rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

(g) Contributions Receivable

Current service and other contributions are accounted for in the period in which they fall due.

(h) Transfers

Transfers are recognized in the period in which Members join from other pension funds or leave for other pension funds. The values are based on methods and assumptions determined by actuaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(i) Benefits Payable

Pensions and other benefits payables are recognized as liabilities in the period in which they fall due.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments such as fixed deposits and treasury bills with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits, as defined above.

(K) investment Property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties. It also includes property that is being constructed or developed for future use as investment property. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Fund and the cost can be reliably measured. This is usually the day when all risks are transferred. Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, the Fund uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued, who applies a valuation model recommended by the International Valuation Standards Committee. These valuations form the basis for the carrying amounts in the Financial Statements.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Changes in fair values are recognized in the statement of changes in net assets available for benefits in the year in which they arise. Investment properties are derecognized when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Where the Fund disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefits.

Transfers are made to (or from) investment property only 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.

(I) Inventory - Stationery and Consumables

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis (FIFO). Any obsolete items are provided for in full in the year they are detected. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Income Tax

(i) Current Tax:

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, Cap 332. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax:

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/ (loss), it is not accounted for.

Deferred income tax is determined using tax rates and laws that have been enacted or Substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

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 profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Fund offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(ii) Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) Property and Equipment

Property and equipment are stated at fair value, based on valuations by external independent Valuers, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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. All other repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred. Any revaluation surplus is credited to the statement of changes in net assets available for benefits, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of changes in net assets available for benefits. A revaluation deficit is recognised in the statement of changes of net assets available for benefits, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

Depreciation is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Asset Description	Rate (%)
Buildings	2
Motor vehicles	20
Office equipment	10
Furniture & Fittings	10
Computer Hardware	20

Property and equipment are periodically reviewed for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

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

An item of motor vehicles and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of changes in net assets available for benefits in the year the asset is derecognised.

(o) Intangible Assets -Computer Software

Intangible assets acquired are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged in the statement of changes in net assets available for benefits in the year in which the expenditure is incurred. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at each financial year end date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization expense on intangible assets is recognised in the statement of changes in net assets available for benefits. The annual rate of amortization, which has been consistently applied, is 10% per annum.

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment of intangible assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The amortisation expense on intangible assets with finite lives is recognised in the statement net changes in net assets available for benefits in the expense category that is consistent with the function of the intangible assets. The carrying value of intangible assets as at the yearend is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(p) Leases

The Fund adopted IFRS 16 Leases (IFRS 16) because of various office spaces occupied in different regions. Under IFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Fund as a Lessee

The Fund applies a single recognition and measurement approach for all the leases, except for short term leases and low value assets. The Fund recognises lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(ii) Right-of-Use- Assets

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease termand the estimated useful lives of the assets. If ownership of the leased asset transfers to the fund at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

(iii) Lease Liabilities

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating the lease, if the lease term reflects the Fund exercising the option to terminate. Variable lease payments that do not depend on an index or a rate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

are recognised as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iv) Short -Term Leases and Leases of Low Value Asset

The Fund applies the short-term lease recognition exemption to short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(v) Accounting Policies applicable in the Prior Years Under IAS 17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the lessee. All other leases are classified as operating leases.

(vi) Fund as a Lessor

Leases in which the Fund does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(q) Employees' Benefits

The Fund operates a defined contribution scheme whereby it contributes to a publicly administered pension plan on a mandatory basis. Employees contribute 5% of the basic salary and the Fund contributes 15% of employees' basic salary to the scheme. The contributions are recognized as an employee benefits expenses when they are due. The Fund's contributions to the defined contribution schemes are charged to the statement of changes in net assets available for benefits in the year in which they fall due. The Fund has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (r) Other Employees' Entitlements

The estimated monetary liability for employees accrued leave entitlement as at the reporting date is recognized as an expense accrual. Provision is made for estimated liability in respect of annual leave accrued on reporting date.

(s) Financial Assets and Liabilities

(i) Classification

Financial instruments are any contract that gives raise to the financial assets of one entity and financial liability or equity instruments of another entity. The Fund maintains a number of financial instruments that form significant portfolio of the Assets and are classified into two main categories which are FVTPL and Amortized Cost.

(ii) Initial Recognition

Recognition of financial instruments are initially recognised on the date on which the Fund becomes into contractual commitments with the other party on financial instruments.

(iii) Measurement

Classification and subsequent measurement of financial assets depends on;

- The Fund's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Fund classifies its financial assets into one of the following measurement categories.

Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'statement of changes in net assets using the effective interest rate method.

Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on financial instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of changes in net assets available for benefits within 'net gains/ (losses) on financial assets at fair value through profit or loss' in the period in which it arises. Financial assets designated in this class are not held for trading.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(iv) Classification

The Fund classifies the financial instruments into classes that reflect the nature of information and consider the characteristics of those financial instruments. The classification made with their hierarchies can be seen in the table below:

Financial Assets	IFRS 9 Classification	Hierarchy	Amount
Cash at bank and in hand	Amortized Cost	Level 3	201,166,525
Deposits with financial institutions	Amortized Cost	Level 3	377,854,079
Listed Equity Investments	FVPL	Level 1	544,189,345
Unlisted Equity Investments	FVPL	Level 2	26,817,257
*Mutual Fund's Investments	FVPL	Level 1	203,108,300
**Mutual Fund's Investments	FVPL	Level 3	43,129,131
Government securities	Amortized Cost	Level 3	4,530,331,965
Corporate bonds	Amortized Cost	Level 3	7,913,948
Receivables	Amortized Cost	Level 3	147,683,793
Loan investments	Amortized Cost	Level 3	321,448,918
Associates and Joint Ventures	FVPL	Level 2	70,918,849
Investment in subsidiaries	FVPL	Level 2	250,172,518
Financial Liabilities	IFRS 9 Classification	Hierarchy	Amount
Benefits payable	Amortized Cost	Level 3	469,078,005
Lease Liabilities	Amortized Cost	Level 3	1,031,482
Other payables	Amortized Cost	Level 3	24,030,784
Payables to Related parties	Amortized Cost	Level 3	21,415,545
Corporate Tax Payable	Amortized Cost	Level 3	89,023,912
*Relates to Unit Trust Fund when	e the Units are traded in	Open Market	

Relates to Unit Trust Fund where the Units are traded in Open Market

** Relates with Watumishi Housing Limited whose shares ate not traded in Open Market

(v) Fair value measurement

The Fund measures financial instruments such as equity investments and debt instruments at FVPL or Amortized Cost. Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Financial instruments:

Those financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on market prices or dealer price quotations. This includes listed equity securities and Mutual Funds.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Fund, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bidoffer spread or significant increase in the bid-offer spread or there are few recent transactions.

Level 2 Financial instruments:

Where the fair value of financial instruments is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example Market Multiples of earnings and price book value, latest available financial statements) existing at the balance sheet date.

Level 3 Financial instruments:

Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Fund's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate measures are in place to ensure its quality and adequacy. All new product initiatives including their valuation methodologies are subject to approvals by various functions of the Fund including Risk Department and Finance. The responsibility of ongoing measurement resides with Finance which reports to Director General.

The fair value estimates are being validated by:

- Benchmarking prices against observable market prices or other independent sources
- Evaluating and validating input parameters

Gains or losses on valuation are recognized in Statement of Changes in Net Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(vi) Transfer of financial Assets

Transfers between levels of the fair value hierarchy are recognized by the Fund at the end of the reporting period during which the change occurred.

When the Fund manages a Fund of financial assets and financial liabilities on the basis of its net exposure to either market risks or counterparty risks (as defined in IFRS 7), the Fund can opt to measure the fair value of that Fund on the basis of the net position (that is, the net position is the unit of account that is being measured at fair value, not the individual financial assets and liabilities)

(vii) Financial assets and liabilities per financial statement line

Financial Assets Measured at FVPL

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Fund has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of changes in net benefits at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of assets available for benefits

a. Equity Instruments:

This category includes investments in unlisted shares and those are acquired principally for the purpose of generating a profit from short-term fluctuations in price. The Fund does not have any equity instrument measured at fair value through other comprehensive income. Therefore, the policy above does not further discuss such classification.

b. Investment in Subsidiaries:

The Fund meets the criteria as an investment entity in accordance with IFRS 10. Therefore, it is required to recognize subsidiaries at fair value through profit or loss. It does not consolidate the investment entities it controls.

Subsidiaries that provide investment related services, such as advisory, management or employment services, are not accounted for at fair value through profit and loss and continue to be consolidated unless they are deemed investment entities, in which case they are recognized at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Subsidiaries are entities controlled by the Fund. Control, as defined by IFRS 10, is achieved when the Fund has all of the following:

- Power over the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to affect those returns through its power over the investee.

The Fund is required to determine the degree of control or influence the Fund exercises and the form of any control to ensure that the financial treatment is accurate.

The Fund comprises several different types of subsidiaries. The Fund re-assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10 exception from consolidation on an annual basis.

The fair value of investments in subsidiaries is determined using the adjusted net asset method. It involved directly measuring the fair value of the recognised and unrecognised assets and liabilities of the investee.

c. Investment in Associates:

Associate is an entity over which the Fund has significant influence but not control, generally accompanying a shareholding of 20% or more of the voting rights. In accordance with the exemption in IAS 28 Investments in Associates and Joint Ventures, the Fund does not account for its investments in associates using the equity method. Instead, the Fund has elected to measure its investments in associates at FVPL.

The Fund considers this to give more meaningful information about the real value of investments and to better describe the Fund's way of reviewing its investments and making decisions relating to them. In the Statement of Net Assets Available for Benefits, the investment is presented as part of investments at fair value through profit or loss.

The fair value of investments in associates and joint ventures is determined using the adjusted net asset method. It involves directly measuring the fair value of the recognised and unrecognized assets and liabilities of the investee.

d) Investments in Joint Ventures

The Fund has assessed the nature of some of its investments and classified them as joint ventures since, based on contractual agreements, the Fund has right to net assets of the arrangement. The investment is made through several separate instruments and their values are codependent. As an investment entity, the Fund measures its investment in the joint venture at fair value through profit or loss.

The fair value of investments in associates and joint ventures is determined price earning or price to book value adjusted to reflect market prevailing price. In the Statement of Net Assets Available for Benefits, the investment is presented as part of investments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

e) Interest Bearing Securities

Interest-bearing securities held by the Fund includes

- i. Government securities,
- ii. Corporate bonds and
- iii. Bank placements.

This category is the most relevant to the Fund compose more than 50%. The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of changes in net assets available for benefits when the asset is derecognised, modified or impaired.

f) Receivables

The Fund has number of Receivables including Contribution Receivables, Rent Receivables and Other Receivables. The Fund measures its Receivables at Amortized Cost.

(ii) Financial Liabilities

Financial liabilities largely consist of benefit and other payables. Financial liabilities can initially be recognised at fair value. Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Financial Liabilities Measured at Amortised Cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category benefit and other payables.

a. Benefits Payables

Benefit payables are obligations to pay for the benefits of the Members. Benefit payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

b. Lease Liability

These are rent payables to the landlords by the Fund following the Fund leasing offices for its operations as assessed in accordance to IFRS 16. Lease liability is initially recorded at fair value and later at amortized cost. Interest is accrued at the special rate of corporate customer borrowing costs provided by the Fund's main banker.

c. Payable to related Parties

These are contractual commitments entered by the Fund in relation to various investments with other parties. The fair values are initially recognized at fair value and later at amortized cost. These payables does not accrue interest over the period of their lifetime.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

d. Corporate Tax Payables

The fund performs a number of investments and is exposed to taxes. The Corporate tax payable is financial liability which gives contractual commitments to the Fund to pay. The Fund records the corporate tax payable recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

e. Other Payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(ix) Reclassification of financial assets and liabilities

The Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

(t) Impairment of Financial Assets

The Fund evaluates the credit risk of the borrowers by estimating the delay of the repayments and borrower's future economic development. Depending on the estimated credit risk, the Fund measures the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses.

Inputs used for the measurement of expected credit losses include, among others, available statistics on default risk based on credit risk rating grades and the historical credit losses the Fund has incurred.

The Fund recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised either 12months (a 12-month ECL) or a lifetime ECL

(i) 12-month ECL

Initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default

(ii) Lifetime ECL).

For trade receivables, other receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

applies a single loss-rate approach to receivables or groups of receivables as might be appropriate based on its average historical loss rate.

Depending on the data, the Fund applies either of two ways of computing the loss rate per period. A loss rate may be computed as the ratio of outstanding invoice amounts beyond the default period and raised invoices at the beginning of each period. Currently invoices raised majorly relate to rental space occupied by the tenants on the Fund's lettable properties. In the case where payments are available, the recovery rate may be computed as a ratio of payments made on bills raised per time period before the default date. The loss rate is then obtained as 1 - Recovery rate. A common approximation is to cap recovery rates at 100% where payments exceed invoice amounts. The single loss rate is adjusted for forward-looking factors specific to the debtors and the economic environment. The single loss rate estimates are applied to each category of gross receivables.

The Fund considers whether ECLs should be estimated individually for any period-end receivables, e.g. because specific information is available about those debtors.

The Fund has applied the single loss rate approach to all other financial assets recognised as other receivables e.g. dividends receivable, an approach that does not include an explicit probability of default as an input.

For debt instruments at amortised cost which mainly relate to government debt securities issued by sovereign governments in their local currencies with fixed interest payments and no history of default, the Fund applies the low credit risk simplification. At every reporting date, the Fund evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Fund reassesses the internal credit rating of the debt instrument. In addition, the Fund considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Fund also uses the ratings from the Standard & Poor and Moody's to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs. The ratings are utilised on the Debt instruments at amortised cost and Deposits with commercial banks. The Fund's debt instruments at amortised cost are graded with stable outlook by Standard & Poor and Moody's. It is the Fund's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Fund considers a financial asset in default when contractual payments are past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Fund.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets are written off either partially or in their entirety only when the Fund has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of changes in net assets available for benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(u) Impairment of Non-Financial Assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Funds of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

(v) Derecognition

An asset is eligible for derecognition and removed from the balance sheet when the Fund has transferred the contractual rights to receive the cash flows or when it has substantially transferred all of the risks and rewards of ownership of the asset outside the Fund. Financial assets are classified as current if they have been acquired for trading purposes or fall due within 12 months.

(w) Renegotiated Loans

Loans that are subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they are considered impaired or past due.

(x) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rates and price risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the Fund does not hedge any risks.

Risk management is carried out by the Actuarial Statistics and Risk Management Department under the supervision of the Governance and Risk Committee which is guided by the policies approved by the Board of Trustees.

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. As part of governance structure, the Board of Trustees has established a comprehensive risk management framework for measuring, monitoring, controlling and mitigating the Fund's risks. This includes, the provision of written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. 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 Governance and Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the Fund.

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.

3.1 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. The Fund's credit risk arises from government securities, corporate debt securities, loan receivables as well as bank placements and balances. In order to minimize credit risk, the Fund has set limits on different categories of investments and has also set exposure limits for each bank where it makes placements of funds.

Before granting any loan, which may involve obtaining a guarantee where necessary, the Fund would normally carry out an in-depth credit analysis to establish viability. Day to day management of the Fund's credit risk is vested to the Director of Finance under the supervision of the Management Investment Committee which is chaired by the Director General. Regular audits of credit under processes and management are undertaken by the internal audit directorate. For banks only, reputable banks are used by the Fund for banking services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 Maximum Exposure to Credit Risk before Collateral Held or Other Credit Enhancements

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without considering any collateral held and other credit enhancements are disclosed as follows:

	30 June 22	30 June 21
Financial Assets	TZS'000	TZS'000
Investments:		
Government securities	4,530,331,965	4,700,205,797
Corporate bonds	7,913,948	3,041,338
Loan Investments	321,448,918	323,985,695
Other Assets:		, ,
Cash at bank	201,166,525	282,943,862
Deposits with financial institutions	377,854,079	183,739,651
Receivables excluding prepayments	154,465,678	95,994,590
	5,589,910,932	5,589,910,932
Financial Liabilities		
Benefit payable	469,078,005	696,221,722
Other payable and accrued expenses	144,255,117	202,278,616
	613,333,122	898,500,337

The Trustees are confident in the Fund's ability to continue controlling and sustaining minimal exposure resulting from both government securities and loans issued. All credit exposures arise in Tanzania.

Contributions Receivable

The aging analysis of contributions receivable is as follows:

	30-Jun-22	30-Jun-21
	TZS'000	TZS'000
Overdue for less than 31 days*	92,220,037	43,340,477
Overdue for more than 32 days but less than 61	2,334,669	2,408,454
Overdue for more than 62 but less than 92 days	1,112,138	3,680,874
Overdue for more than 93 but less than 122 days	4,753,776	2,192,230
Above 122 days	91,509,203	78,228,881
	191,929,824	129,119,394
Expected Credit loss	(87,966,763)	(98,013,500)
Total Contribution Receivables	103,959,678	31,837,416

Contribution's receivable is as a result of assessments of unremitted contributions for each employer during the year.

*The increase in ECL is due to long outstanding contribution receivables from the government inherited from ex -fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 Loan investments

Total balance of loan investments as at year end is TZS 321.45 billion (2020/21: TZS 323.99 billion) net of accumulated impairment. All loans issued to government institutions are past due, however, the government has shown the commitment and Trustees are strongly believing will honor its obligations.

	30 June 22 TZS'000	30 June 21 TZS'000
Past due but not impaired Impaired	- 321,448,918	- 323,985,694
Total	321,448,918	323,985,694

Other Financial Assets.

Other receivabl contributions	es excluding	prepayments	and		
COntributions					
Neither past due	nor impaired				699,727
Impaired				43,724,115	63,457,447
Total				43,724,115	6A 157 17A
				43,724,115	64,157,174

3.2 Liquidity Risk

Liquidity risk is the risk of failing to meet obligations when they fall due. The consequences may be the failure to meet obligations to pay benefit expenses to the Members. The Fund is exposed to daily calls on its cash obligations for benefits payments and other administrative expenses. The Fund manages 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 expenditures. The Fund carries out weekly cash flow projection which is discussed by Management Investment Committee for investment decisions. Main sources of the Fund income include employer and employees' contributions and monies accrued from investments.

The table below analyses financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of net assets available for benefits date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year TZS '000	More than 1 year TZS '000
At 30 June 2022		
Benefits payable	469,078,005	(a)
Other payables and accrued expenses	144,255,117	1
Total liabilities	613,333,122	
Assets held for managing liquidity risk	479,020,604	7,101,430,590
At 30 June 2021		
Benefits payable	696,221,722	1.
Other payables and accrued expenses	202,278,616	
Total liabilities	898,500,337	1 <u>4</u>
Assets held for managing liquidity risk	683,930,291	7,556,274,962

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3.3 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 held by the Fund. The Fund is exposed to market risk on its investments resulting from movement in interest rates. The Fund is also exposed to market risk on equity as a result of movement in market prices. The Fund holds such assets for income generation, hence mitigating the effect of short-term price movement.

3.3.1 Interest Rate Risk

The Fund invests in long term instruments when interest rates are considered to be high temporarily so as to take advantage of high interest rate for a long period. The Fund does not have borrowings. Interest rate exposure mainly arise from investments made. Government securities are measured at fair valuation which considers the current market interest risk. Other investments of the Fund are short term instruments where interest rate exposure is considered to be low.

At 30 June 2022, an increase/decrease in interest rates by 100 basis points with all other variables held constant would have resulted in an increase/decrease in the net assets available for benefits by TZS 5,311 million (2020/21: TZS 4,093 million).

Interest Rate Risk Exposure

The table below summarizes the exposure to interest rate risk. Included are the Fund's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market Risk (Continued)

3.3.1 Interest Rate Risk(Continued)

As at 30 June 2022	1 monthTZS '000	1 ≤ Maturity < 3 months TZS '000	3≤ Maturity < 12 months TZS '000	Maturity ≥ 12 Months TZS '000	Non-interest bearing TZS '000	Total 775 ' 000
Assets Investments						
Government securities		39,143,390	254,824,807	4,236,363,767		4,530,331,964
Corporate bonds	×		ā	7,913,948	9	7,913,948
Quoted shares	•	×		8	544,189,345	544,189,345
Unquoted shares	•0	8	N.	•)	26,817,257	26,817,257
Mutual Funds	().)	1	1.02	()•)	246,237,431	246,237,431
Loan investments	2	3	•		321,448,918	321,448,918
Other assets						
Cash in hand and at bank	•			Ξ.	201,166,525	201,166,525
Deposits with financial						
institutions	1,320,090	79,510,092	263,222,694	33,801,201		377,854,079
Receivables excluding						
prepayments	•	9. M	×	۲	154,465,678	154,465,678
Total financial assets	1,320,090	118,653,482	518,047,501	4,278,078,916	1,494,325,154	6,410,425,145
Financial Liabilities						
Benefit Payable	×			8	469,078,005	696,221,722
Other payables and accruals	×		,		144,255,117	202,278,616
Total liabilities	JE.		×),	613,333,122	898,500,337
Interest sensitivity gap As at 30 June 2021	1,320,090	118,653,482	518,047,501	4,278,078,916	880,992,032	5,511,924,808
Total financial assets	57,899,316	77,673,012	429,559,371	4,898,702,212	889,175,697	6,353,009,608
Total financial liabilities	30 • 13	(4) (4)			898,500,337	898,500,337
Interest sensitivity gap	57,899,316	77,673,012	429,559,371	4,898,702,212	275,842,575	5,454,509,271

Controller and Auditor General
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market Risk (Continued)

3.3.2 Foreign Exchange Risk

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 therefore the effects of foreign exchange risk are minimal.

The various currencies to which the Fund is exposed are summarized in the table below (All amounts expressed in thousands of Tanzania Shillings).

30 June 22 Assets	TZS	<u>US\$</u>	<u>Total</u>
Investments	1 530 334 074		4 530 334 044
Government securities measured at fair	4,530,331,964		4,530,331,964
Corporate bonds at fair value	7,913,948		7,913,948
Quoted shares	544,189,345		544,189,345
Unquoted shares	26,817,257		26,817,257
Mutual Funds	246,237,431		246,237,431
Loan investments at fair value	321,448,918		321,448,918
Other assets			
Cash and bank	197,906,044	3,260,481	201,166,525
Fixed deposits	310,849,702	67,004,377	377,854,079
Receivables excluding prepayments	154,465,678	07,001,077	154,465,678
Receivables excluding prepayments	134,403,070		134,403,070
Total financial assets	6,340,160,287	70,264,858	6,410,425,145
Liabilities			
Benefit Payable	469,078,005		469,078,005
Payables and accruals	144,255,117		144,255,117
	,,,		
Total financial liabilities	613,333,122		613,333,122
Net Position	5,726,827,165	70,264,858	5,797,092,023
30 June 21			
Total financial assets	6,074,601,145	57,384,446	6,131,985,591
Total financial liabilities	898,500,337		898,500,337
	070,000,007		100,000,001
Net Position	E 174 100 907	57,384,446	E 222 405 254
	5,176,100,807	37,304,440	5,233,485,254

At 30th June, 2022, if the foreign exchange had increased or decreased by 5%, with all other variables held constant, the increase or decrease in the Fund's net assets available for benefits would have been TZS 3,513 million (2020/21: TZS 2,869 million).

The exchange rate as at 30 June 22 was TZS 2,353 per US\$

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market Risk (Continued)

3.3.3 Price Risk

The Fund is also exposed to price risk arising from investments in equity securities classified in the statements of net assets available for benefits as available for sale as a result of movement in market prices. The exposure to price risk is managed primarily by diversifying the Fund investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

At 30 June 22, if the prices of all quoted equity investments had increased or decreased by 2%, with all other variables held constant, the increase or decrease in net assets available for benefits for the financial year would have been TZS 10,883.79 million (2021/22: TZS 9,991.03 million).

Fair Value of Financial Assets and Liabilities

Financial Instruments not measured at Fair Value

The carrying amount of financial assets and liabilities not presented on the Fund's and Funds statement of net assets available for benefits at their fair values approximates their fair value.

The fair value for financial assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Deposits with Financial Institutions

The estimated fair value of deposits with no stated maturity, which includes non-interestbearing deposits, is the amount receivable on demand.

The fair values of deposits with financial institutions approximate their carrying values at the reporting date.

Loans and Receivables

The fair value of term loans is the present value of the estimated future cash flows. The estimated amounts to be recovered are discounted at the effective interest rate after considering the timing of recovery. The amounts to be recovered are established using the historical data or agreed repayment plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market Risk (Continued)

3.3.3 Price Risk (Continued)

Financial Instruments Measured at Fair Value

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on the Dar es Salaam Stock Exchange.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30-Jun-22	TZS'000	TZS'000	TZS'000	TZS'000
Assets				
Quoted investments	544,189,345			544,189,345
Unquoted investments			26,817,257	26,817,257
Government securities			4,530,331,965	4,530,331,965
Subsidiaries		250,172,518		250,172,518
Joint Ventures		17,329,135		17,329,135
Associates		53,589,714		53,589,714
Mutual Funds	203,108,300	43,129,131	43,129,131	246,237,431
Corporate Bonds		7,913,948		7,913,948
	747,297,645	372,134,446	4,600,278,353	5,676,581,313
30-Jun-21 Assets				
Quoted Equity investments	499,551,267			499,551,267
Unquoted Equity investments			42,523,393	42,523,393
Government securities			4,700,205,797	4,700,205,797
Subsidiaries		257,765,365		257,765,365
Joint Ventures		19,356,684		19,356,684
Associates		22,429,692		22,429,692
Mutual Funds	209,616,662		14,047,073	223,663,735
Corporate Bonds		3,041,338		3,041,338
	709,167,929	302,593,079	4,756,776,263	5,768,537,271
		106		

Financial Assets and Liabilities Measured at Fair Value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Valuation governance

The Fund's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the fund including the risk and finance functions. Once submitted, fair value estimates are also reviewed and challenged by the Investments and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Director of Finance. The IPV team validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The independent price verification team also challenges the model calibration on at least a quarterly basis or when significant events in the relevant markets occur.

The independent price verification team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures follow IFRS and will propose adjustments when needed.

When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the independent price verification team is also responsible for: • Verifying and challenging the approved list of providers Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

Valuation Techniques

Equity Investments

The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid prices at the reporting date. The fair value for non-quoted equity instruments has been estimated using market approach through market multiples of P/E and PBV.

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Fund uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Fund classifies those securities as Level 2. The Fund does not have Level 3 government securities where valuation inputs would be unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Joint Ventures and Associates

As an investment entity, the Fund elected to measures its investments in Associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 and IAS 28. The fair value of investments in associates and joint ventures is determined using market approach through multiples of earning and price to book value methods.

Investment in subsidiaries

As an investment entity, the Fund measures its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 10. The fair value of investments in subsidiaries is determined using market approach through combination of P/E multiples, P/BV Multiples and Net asset Value method.

Mutual funds' investments

All investments in collective schemes are measured at fair values. The fair value of the investments is determined using scheme's net asset value (NAV) at the balance sheet date

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances are disclosed in note 24

During the year, there were no intra level transfers and there was sufficient information available to measure the fair value of financial instruments based on observable market inputs.

Non-financial assets measured at fair value - Level 3	<u>2021/22</u> TZS'000	<u>2020/21</u> TZS'000
Investment properties	1,111,400,358	1,151,991,776
	1,111,400,358	1,151,991,776

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Investment Entity Basis

The Management has determined that the Fund qualifies as an investment entity as defined by IFRS 10. The Fund's business purpose is to collect funds from the plan's participants and engage in investment business to gain both capital appreciation and investment income and pay benefits to the participants as and when they become due.

Further, the Fund obtains funds from other external schemes for investment management purpose. Each investment is fair valued and such fair value information is provided to the Plan's participants and to management for decisions making.

As an investment entity, the Fund classifies its subsidiaries either as operating subsidiaries, that are considered to be an extension of the Fund's operations, providing services that relate to the Fund's investment activities and as such, they are to be consolidated or investment entity subsidiaries, that are fair valued through profit or loss. The Fund does not have operating subsidiaries. Therefore, all its subsidiaries are fair valued through profit or loss.

(iii) Fair Value Measurement of Financial Instruments

The fair value of financial assets traded in active markets at the financial reporting date is based on their quoted bid market price or dealer price quotations without any deductions for transaction costs. For all other financial assets not listed in an active market, the fair value is determined by using appropriate valuation techniques. For unlisted equity instruments, the adjusted net asset method has been used.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The fair values of these financial instruments are determined using appropriate assumptions on liquidity risk, credit risk and market volatility.

Where the fair value recorded or disclosed in the Financial Statements cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

(iv) Estimation of Fair Value of Investment Property

The valuation of investment properties was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Management has assumed constant cash flow from rental income based on existing short term contracts (3-5 years) that the Fund has with existing tenants.

(v) Useful Lives of Property and Equipment

Critical estimates are made by the Trustees in determining depreciation rates for properties and equipment and their residual values. The rates applied are set out in Note 2 (m). Internal staff in collaboration with independent valuer from the Ministry of Land performed an independent valuation of the Fund's motor vehicles and equipment to determine the fair value of the motor vehicles and equipment on 2018/19. The valuation, which conforms to International Valuation Standards, was determined by reference to recent market transactions on arm's length terms. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

(vi) Expected Credit Losses

The Fund uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for the employers. The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The Fund's actuarial assessment as at 30 June 2020 was completed by Muhanna & Co. Ltd, an independent firm of Actuaries and Consultants using projected unit cost method which is one amongst recommended method by the International Accounting Standard Board (IASB).

Summary of core actuarial basis/assumptions

Financial assumptions

- Discount rate
- Earnings growth
- Pension increases
- Inflation rate

7.0 (up to 2030) ~ 6.0 per annum

- 4.0 per annum
- 0.0 per annum
- 4.0 per annum

Demographic and other assumptions

The principal demographic assumption on mortality is based on standard tables. In-service employees' mortality is based on the adjusted mortality rates of the World Health Organization (WHO) and NBS.

- Voluntary/early retirement is at age of 55 years and compulsory at 60 years,
- Members over normal retirement age are deemed to have retired on valuation date,
- An allowance for withdrawal from service is based on average experience of other similar schemes in East Africa,
- On retirement, all members will elect to commute (25-50%) of their pension for a cash lumpsum, in accordance with the Fund Act
- No allowance has been made for any increase to pensions on the basis that no provision is made for explicit pension increases in the PSSSF Act.
- Administration Expenses were assumed to be 6% of contribution income.
- Allowance for future pension increases equal to 0%
- Unemployment rate is assumed to be 1%
- Invalidity rates is assumed 5% of Mortality

Actuarial Position

Fund	2020 TZS"000''	
Accrued liabilities Value of accrued benefit liability	96,381,000,000	A
Assets Value placed on Fund assets as at 30 June Present value of future contribution income	5,744,000.000 70,620,000,000	B C
Actuarial deficit Excess of accrued liabilities over assets {A-(B+C)}	20,017,000,000	
Funding level {B/(A-C)}	22.30%	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

MEMBERS CONTRIBUTIONS	30 June 22 TZS' 000	30 June 21 TZS' 000
Employer Contributions	1,103,936,556	1,014,867,152
Employee Contributions	375,089,077	340,271,612
Pre July 1999-Contributions		2,176,740,036
Voluntary Contributions	2,435,846	2,750,923
Other Contributions	44,806,809	62,981,970
Total	1,526,268,288	3,597,611,693

	Number of Employers	
Contributing Employers by Category:	30 June 2022	30 June 2021
Local government authorities	209	191
Government ministries and independent		148
departments	79	
Regional secretariats	31	27
Parastatal organizations	399	396
Public corporation (Private with more than 30%		
government shares)	23	
Other government agencies	233	144
Total	974	906

During the period, the total numbers of participating employers were 974. These include Local Government Authorities, Government Ministries, Independent Government Departments, and Corporations As at 30 June 2022, the Fund had 717,943 Members.

7 BENEFIT EXPENSES	30 June 22	30 June 21
/ DENEFTI EXPENSES	TZS' 000	TZS' 000
Retirement Benefits	700,434,880	1,343,729,871
Monthly Pensions	710,899,963	660,678,884
Withdrawals	83,910,249	63,028,899
Death Benefits	123,565,633	96,182,246
Education Benefits	976,612	1,221,029
Invalidity Benefits	1,600,411	1,600,185
Maternity Benefits	18,262,017	8,894,804
Unemployment Benefits	1,418,648	1,831,482
Contribution Refunds	56,749,260	9,886,195
Grand Total	1,697,817,673	2,187,053,595

Decrease in benefit expenses is attributed mainly by the correction of an error as a result of automating benefit provision and reduced number of early exit members (voluntary retirement). Correction of error has been done in the current period since was impracticable to allocate it in the prior periods.

During the period the Fund paid 74,150 (2021: 56,677) beneficiaries. As at 30 June 2022, the Fund had a total of 154,358 (2021: 136,423) pensioners. Contribution refunds relates to refunds of amounts erroneously contributed and TZS 22.19 billion being 5% contributions from public servants who were removed from public service due to forged certificates.

Education benefit is payable to schools and beneficiaries for continuing students under commitments made by the former Funds.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8	INTEREST INCOME CALCULATED USING EFFECTIVE INTEREST RATE	30 June 2022	30 June 2021
	Treasury Bonds	T ZS' 000 430,190,041	TZS' 000 380,216,910
	Special Non-Cash Bond	68,966,679	ž.
	Corporate Bonds	435,669	1,372,752
	Total	499,592,389	381,589,662

Substantial increase in interest income calculated using effective interest rate is caused by accrued interest from Non-Cash special Bond amounting 2.17 trillion

9	OTHER INTEREST AND SIMILAR INCOME	30 June 2022	30 June 2021
		TZS' 000	TZS' 000
	Placement in banks	18,011,898	15,372,716
	Corporate loans	1,187,955	2,689,346
	Saccos Loan	194,096	421,314
	Other Loans	320,032	1,177,134
	Other Interest Income	11,846,865	8,151,578
	Total	31,560,846	27,812,088
10	DIVIDEND INCOME		
	Listed equities	26,465,320	40,109,557
	Collective investments scheme	352,427	173,553
	Unlisted equities	-	784,663
	Total	26,817,747	41,067,773
11	RENTAL INCOME+		
	Rent	28,256,742	31,324,464
	Packing fees	1,134,373	1,233,587
	Conference halls	998,869	698,717
	Total	30,389,984	33,256,768

The income relates solely to rental income earned from investment properties (refer to note 32) owned by the Fund, and rented to tenants for commercial purpose. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. The timing of revenue recognition for rental income is entirely over time as the tenants occupy the property

Total	(798,145)	128,691,815
Other fair values changes	(7,180,451)	(323,539)
Subsidiaries	(7,264,867)	(7,672,524)
Associates and Joint Ventures	1,229,823	20,709,140
Investment properties	(65,672,017)	(17,027,384)
Mutual Fund	22,573,696	55,911,779
Unlisted Equities	10,891,140	11,073,867
Listed Equities	44,624,531	66,020,476
CHANGES IN FAIR VALUES		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

13 OTHER INCOME

Gain/(loss) on foreign exchange	(152,724)	(681,435)
*Sundry income	36,694,017	34,944,686
Total	36,541,293	34,263,251

Increase in Sundry Income is attributed mainly by favorable expected credit loss movement on government securities as a result of applying the loss given default (LGD) rate provided under the Basel II.

14	Administrative Expenses	30 June 22	30 June 21
		TZS' 000	TZS' 000
	Staff Costs [Note 13(a)]	56,235,608	54,406,044
	Board of Trustees Fees	58,523	103,375
	Other Board Expenses	477,626	398,856
	Audit Fees	520,884	510,884
	Tender Board Expenses	438,124	318,970
	Legal Expenses	449,106	679,363
	Insurance Expenses	390,224	395,067
	Bank Charges and Commissions	223,589	241,326
	General Operational Expenses [Note 13(b)]	14,268,187	11,778,090
	Total	73,061,871	68,831,975

14(a)	Analysis of Staff costs	30 June 2022	30 June 2021	
		TZS' 000	TZS' 000	
	Staff Salaries	31,781,669	30,504,377	
	Staff Allowances	10,505,683	10,752,491	
	Extra duty	668,988	715,769	
	Social Security Contributions	4,976,289	4,821,534	
	Skill and Development Levy	1,839,295	1,847,432	
	Medical Expenses	1,348,003	1,240,379	
	Leave Expenses	2,456,434	2,514,459	
	Staff Transfers	1,063,991	936,066	
	Staff Refreshments	447,676	393,374	
	Terminal Expenses	120,997	116,428	
	Other Employee Expenses	1,026,583	563,735	
	Total	56,235,608	54,406,044	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14(b)	Analysis of General expenses	30 June 2022	30 June 2021
		TZS' 000 592,964	TZS' 000
	Workers Council & Committees	2,445,201	280,405
	ICT Software Expenses	1,921,095	1,821,317
	Stationery and Consumables		1,122,703
	National Holiday and Sports	150,293	81,794
	Repair and Maintenance Expenses	824,331	957,904
	Entertainment Expenses	56,450	73,741
	Travelling Expenses	4,115,708	3,442,692
	Fees and Subscription	60,660	132,816
	Office Cleaning	238,978	266,210
	Security Expenses	489,760	421,366
	Staff capacity building	1,650,364	1,601,374
	Office Electricity	138,643	263,232
	Office Rent	518,855	564,674
	Telephone expenses	362,940	513,272
	Postage and courier expenses	79,668	117,311
	Donation	459,058	148,980
	Other Office Expenses	163,219	117,279
	Total	14,268,187	11,778,090
15	STATUTORY EXPENSES	30 June 2022	30 June 2021
		TZS' 000	TZS' 000
	Land Rent	632,406	482,791
	Property Tax	360	46,088
	Subscriptions and fees	1,983,802	1,534,579
	Regulatory levy		1,142,980
	Total	2,616,568	3,206,438
16	INVESTMENT MANAGEMENT EXPENSES	30 June 2022	30 June 2021
		TZS' 000	TZS' 000
	Cleaning & Sanitation	121,130	237,191
	Utility Expenses	1,754,456	1,585,155
	Repair and Maintenance Expenses	10,020,084	9,340,087
	Security Expenses	1,176,898	493,139
	Property management Fees	752,282	921,421
	Other Investment Management Expenses	211,561	518,090
	Insurance-Investment properties	903,538	1,407,358
	Total	14,939,949	14,502,441
17	DEPRECIATION & AMORTISATION	30 June 2022	30 June 2021
		TZS'000	TZS'000
	Amortization of Intangible Assets (Note 34)	227,924	408,968
	Right of use asset (Note 21)	426,665	407,112
	Property, Plant and Equipments (Note 35)	4,313,603	7,809,878
	Total	4,968,192	8,625,958
		-	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18	Expected Credit Losses	30 June 2022 TZS'000	30 June 2021 TZS'000
	Financial Assets		
	Cash and Cash Equivalents	-	(2,804,796)
	Deposit with Financial Institutions	8,491,768	93,882,658
	Government Securities	19,228,751	12,701,760
	Corporate Bonds	208,476	(96,666)
	Ex Staff Receivables	(135,032)	4,719,507
	Contribution Receivables	(9,854,888)	115,670,711
	Rent Receivable	2,442,606	
	Parking Receivable	647,908	
	Other Receivables	553,413	29,835,297
	Loans	4,621,627	257,737,901
	Members receivable	454,711	
	Equities	8	1,500,000
	Receivable from sale of Low-cost houses - KISEKE	385,681	~~~~~~
	Receivable from sale of houses - HIRE PURCHASER	11,814,919	
	Receivable from sale of Plots & Houses	1,715,030	2
	Total ECL for financial assets	40,574,970	513,146,372
	Non-financial assets		
	Tradable Inventory	Tere 1 de 1 de 1 de 1 de 1 de	÷.
	Associates, unlisted equity and Joint Ventures	÷	
	Stationery and Consumables	5	1
	Total ECL for Non -financial assets	•	
	Total	40,574,970	513,146,372

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19	INTEREST EXPENSES ON LEASES	30 June 2022	30 June 2021
	OFFICE LOCATION	TZS "000"	TZS "000"
	GEITA	15,465	16,278
	KAGERA	6,085	8,562
	MBOZI	470	1,203
	MARA	7,107	9,195
	КАНАМА	1,613	2,568
	PWANI	12,139	10,679
	LINDI	5,446	6,639
	KILIMANJARO	4,136	4,882
	KIGOMA	4,681	6,586
	SHINYANGA	2,961	5,582
	SIMIYU	1,833	1,949
	SINGIDA	11,563	14,623
	NJOMBE	3,745	5,269
	TABORA	1,996	3,721
	MOROGORO	8,188	11,521
	TANGA	810	1,177
	IRINGA	4,590	4,871
	ZANZIBAR	5,752	9,050
	MBEYA	12,882	21,256
	RUKWA NAO	10,263	13,328
	Tanzania Sisal Board	344	
		122,069	158,937

The Fund opted to use incremental borrowing cost method on finance cost computation. Rates were obtained from main banker by considering lease term and amounts.

20 INCOME TAX EXPENSE	30 June 2022 TZS'000	30 June 2021 TZS'000
Current income tax		
Current period	16,802,963	16,669,188
Prior periods	14,035,094	
Deferred income tax		
Current period	211,476,529	(165,664,546)
Prior periods		2
	242,314,586	(148,995,358)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

RECONCILIATION OF INCOME TAX EXPENSES

ECONCILIATION OF INCOME TAX EXPENSES	30 June 22 TZS' 000	30 June 21 TZS' 000
Income before tax	316,271,110	1,448,767,334
Tax calculated at the statutory income tax rate of 30%	94,881,333	434,630,200
Tax effect on disallowed administrative expenses	22,257	21,560,095
Tax effect on disallowed depreciation charge		:•:
Tax effect on disallowed impairment	8,045,324	2 . •3
Tax effect on disallowed Benefit expenses	(509,345,302)	656,116,079
Tax effect on disallowed contribution income	457,880,486	
Adjustments for non-taxable income & Final WHT	149,747,016	(1,244,072,027)
Tax Amnesty under/(over) provision of prior year	-	
Prior year adjustments - current tax	14,035,094	(17,229,705)
Other adjustments	27,048,378	÷
Prior year adjustments for opening balance		
Income tax expense	242,314,586	(148,995,358)
CASH AND CASH EQUIVALENTS		
Cash at Bank and on hand Expected Credit Loss:	201,703,151	283,574,769
Opening	630,907	3,435,702
Charge during the year*	(94,281)	(2,804,796)
Expected credit loss at the end of the year	536,626	630,906
Cash as per Statement of Net Asset	201,166,525	282,943,863
		, ,

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rates. The Fund does not have any restriction on the use of available cash.

Reversal on the ECL is due to the decrease of the exposure at default (EAD) compared to last year balance.

ANALYSIS OF CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition

Cash as per statement of Net assets	201,166,525	282,943,863
Expected credit loss	536,626	630,906
Gross Cash and cash equivalent	201,703,151	283,574,769

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

DEPOSITS WITH FINANCIAL INSTITUTIONS	AT AMORTIZED COST	
	30 June 2022	30 June 2021
AT COST	TZS '000	TZS '000
At the beginning	281,493,497	263,238,779
Additions	287,817,500	146,220,356
Interest	18,011,898	15,372,716
Currency revaluation	3,085	(4,327,780)
Proceeds	(103,226,287)	(139,010,574)
	484,099,693	281,493,497
Expected credit loss	(106,245,614)	(97,753,846)
At the end of year	377,854,079	183,739,651
Maturity Analysis		
	30 June 22	30 June 21
	TZS '000	TZS '000
Maturing within 90 days	64,311,335	31,699,621
Maturing over 90 days	419,788,358	249,793,876
	484,099,693	281,493,497
Movement in Expected Credit Loss		
Beginning balance	97,753,846	3,871,188
Charge during the year *	8,491,768	93,882,658
Closing Balance	106,245,614	97,753,846

22 DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTIZED COST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

ECL Details	As at June 22 (Net Amount) TZS "000"	Expected Credit Losses TZS "000"	As at June 22 (Cost) TZS "000"	
Azania Bank Limited	82,671,270	3,139,380	85,810,650	
CRDB Bank Plc	121,901,918	2,037,430	123,939,347	
BOA BANK	2,377,586	9,374	2,386,960	
DCB Commercial Bank Plc	3,199,568	128,770	3,328,338	
Mwalimu Commercial Bank Plc	13,402,100	288,485	13,690,585	
NBC Bank Ltd	19,717,892	888,092	20,605,984	
NMB	49,731,297	1,497,379	51,228,676	
PBZ	2,077,435	50,846	2,128,281	
TPB Bank Plc	14,679,490	720,448	15,399,938	
United Bank of Afrika	969,942	51,313	1,021,255	
UTT Microfinance	1,320,091	1,443	1,321,534	
TIB Development Bank	23,941,312	95,765,250	119,706,562	
ABSA	1,949,800	54,036	2,003,836	
ACB	472,974	27,985	500,959	
DTB	14,261,529	818,745	15,080,274	
EQUITY	4,939,618	215,231	5,154,849	
EXIM	6,036,323	211,759	6,248,082	
I & M	1,006,346	36,449	1,042,795	
КСВ	2,507,899	91,108	2,599,007	
MAENDELEO	472,974	27,985	500,959	
STANBIC	10,216,715	184,107	10,400,822	
TOTAL	377,854,079	106,245,614	484,099,693	

23 EQUITY INVESTMENTS

	Listed equity	Unlisted equity	Total
Year ended 30 th June 22	TZS '000	TZS '000	TZS '000
As at 01 July 2021	499,551,267	42,523,393	542,074,661
Addition	13,546.40		13,546
Reclassification/Adjustment		(25,227,406)	(25,227,406)
Impairments		•	
Fair value gain/(losses)	44,624,531	9,521,271	54,145,802
As at 30 June 2022	544,189,345	26,817,258	571,006,603
			0
As at 01 July 2020	429,503,691	32,949,526	462,453,218
Reclassification	4,027,100	5	4,027,100
Impairments	÷	(1,500,000)	(1,500,000)
Fair value gain/(losses)	66,020,476	11,073,867	77,094,343
As at 30 June 2021	499,551,267	42,523,393	542,074,660

Decrease in unlisted equity is due to reclassification made in respect of Tanzania Reinsurance Limited to investment in associates

Listed shares are measured at fair value obtained through prevailing prices on active market (DSE) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Unlisted shares are measured at fair value estimated from market multiples of price to earnings and price to book ratio.

In estimating unquoted equities fair values, the following assumptions were used:

- 1) Latest updated Industrial multiple of PE derived from Aswath Damodaran data bank,
- 2) Latest updated industrial multiple of PBV derived from Aswath Damodaran data bank,
- 3) Marketability discount ranging from 10% to 15% and
- 4) Size discount ranging from 10% to 15%

Investments in listed equity by entity at the end of period:

23(a)	LISTED EQUITIES	%	30 Jun 22	Fair Value Change	Addition	30 Jun 21
	Name	owner ship	TZS '000	TZS '000		TZS '000
	CRDB Bank Plc	13	138,704,411	36,409,908	5	102,294,503
	Mwalimu Commercial Bank	16	3,950,000	(1,050,000)	*	5,000,000
	NICOL	15	1,870,001	594,997	*	1,275,004
	NMB Bank Plc	1	24,306,207	6,076,552	*	18,229,655
	Swissport Tanzania Ltd	3	1,778,736	89,758	13,546	1,675,432
	Tanga Cement	4	4,077,273 175,290,63	2,946,249	×	1,131,024
	Tanzania Breweries Limited	5	175,250,65	0	8	175,290,639
	Tanzania Cigarette Company	5	79,624,99 1		8	79,624,991
	Tanzania Portland Cement Ltd	6	41,212,024	1,329,420	-	39,882,604
	ΤΟΟΙΑ		8,008,586	(1,826,520)		9,835,105
	TOL Gases Limited	2	595,833	54,167		541,667
	Vodacom Tanzania Plc	4	64,770,644	ی		64,770,644
	Total Listed Equities		544,189,345	44,624,531	13,546	499,551,267

23(b)	Unlisted Entity	% of ownership	Net of FV	Reclassificati on	Accumulated FV	At Cost
			TZS '000			TZS '000
	TPB Bank Plc	2.35	1,820,900	÷	(8,213,520)	10,034,420
	TAN-RE	10	Ξ.	(25,227,406)		25,227,406
	Tanzania Pharmaceuticals Industries	10	8		(1,500,000)	1,500,000
	ACB Ltd	11.2	1,950,591		986,634	963,957
	ZE PRE	11.2	23,045,766		17,405,008	5,640,759
	Total		26,817,257	(25,227,406)	8,678,122	43,366,542
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

24 MUTUAL FUNDS' INVESTMENTS AT FAIR VALUE

Mutual Fund Investments are investments in Collective Schemes (CIS) wherein persons come together to pool their funds for investing in a particular asset(s) and for sharing the returns arising from those investments. These collective schemes are Unit Trust and Watumishi Housing REITs. All investments in collective schemes are measured at fair values. The fair value of the investments is determined using scheme's net asset value (NAV) at the balance sheet date.

		TZS '000	TZS '000
		30 June 22	30 June 21
Balance as at July		223,663,735	
Additions		((m)
Reclassification (Cost)			167,751,956
Reclassification (Accumulated Fair	Values)		
Fair Value Change		22,573,696	55,911, 77 9
		246,237,431	223,663,735
MUTUAL FUNDS DETAILS	Closing Balance	FV Change	Opening Balance
Name	TZS '000	TZS '000	TZS '000

Name	TZS '000	TZS '000	TZS '000
Unit Trust of Tanzania (UTT)	203,108,300	(6,508,362)	209,616,662
Watumishi Real Estate (REITS)	43,129,131	29,082,058	14,047,073
Total	246,237,431	22,573,696	223,663,735

25 GOVERNMENT SECURITIES AT AMORTIZED COST

	Treasury Bonds	Non-Cash Special Bond	Total
	TZS '000	TZS '000	TZS '000
Period ended 30 June 2022			
Opening balance	2,546,167,583	2,176,740,000	4,722,907,583
Additions	101,009,537	5.	101,009,537
Interest	430,190,041	68,966,679	499,156,720
Proceeds	(722,586,239)	(40,574,644)	(763,160,884)
	2,354,780,921	2,205,132,035	4,559,912,956
IMPAIRMENT			
Opening balance	(22,701,786)	÷.	(22,701,786)
Charges for the year	12,349,546	(19,228,751)	(6,879,205)
	(10,352,240)	(19,228,751)	(29,580,991)
Closing net book amount	2,344,428,681		4,530,331,965
Year ended 30 June 2021			
Opening balance	2,525,726,854		2,525,726,854
Additions	175,591,863	2,176,740,000	2,352,331,863
Interest	380,216,910	ě	380,216,910
Proceeds	-557,586,573	¥	(557,586,573)
Adjustment	22,218,529	:	22,218,530
	2,546,167,583	2,176,740,000	4,722,907,584
Accumulated Impairment	(22,701,786)	2	(22,701,787)
Closing net book amount	2,523,465,797	2,176,740,000	4,700,205,797

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Maturity Analysis	Within 90 days TZS '000	> 90 days TZS '000	Total TZS '000
30 June 22			
Treasury bonds	40,351,900	2,314,429,021	2,354,780,921
Non-Cash Special Bond		2,205,132,035	2,205,132,035
30 June 21			
Treasury bonds	101,136,110	2,422,329,687	2,523,465,797
Non-Cash Special Bond		*2,176,740,000	2,176,740,000

26 CORPORATE BONDS AT AMORTIZED COST

	30 June 22 TZS'000	30 June 21 TZS'000
At the beginning of the year	3,208,704	17,904,212
Addition	5,000,000	1,000,000
Repayments	(354,582)	(17,068,261)
Amortized interest	435,669	1,372,753
	8,289,791	3,208,704
Accumulated Expected Credit loss	(375,843)	(167,366)
At the end of the year	7,913,948	3,041,338
Maturity analysis		
Maturing within 90 days	2,124,740	
Maturing over 90 days	5,789,208	3,041,338
	7,913,948	3,041,338
Expected Credit loss		
Opening Balance	167,366	264,032
Addition	208,477	(96,666)
Closing Balance	375,843	167,366

The increase in ECL is due to large exposure at default compared to last year balance,

Investments in corporate bonds by entity at the end of period

	30 June 22	30 June 21
	TZS'000	TZS'000
TMRC (C-BOND)	7,913,948	3,041,338
Total	7,913,948	3,041,338

27 PREPAYMENTS

		30 Jun 2022 TZS'000	30 Jun 2021 TZS'000
Prepayments		1,218,850	1,295,529
Deposits		76,846	88,572
Capital Expenditure Advances		1,506,051	3,292,833
Other Debtors		25,471,613	23,554,221
ECL		(19,354,303)	(21,001,114)
Total		8,919,057	7,230,041
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Decrease in the expected credit loss is caused by a systematic ECL model carried out to determine the amount of provision contrary to last year estimates that were based on the outstanding balance behavior.

28 RECEIVABLES

	30 Jun 2022 TZS'000	30 Jun 2021 TZS'000
Contribution receivable(a)	104,073,356	31,837,416
Statutory penalties(b)	2,449,637	339,923
Other receivable(c)	27,426,996	39,596,235
Dividend receivable(d)	205,597	699,727
Rent and parking receivable(e)	13,528,208	15,877,562
	147,683,793	88,350,863

(a) CONTRIBUTION RECEIVABLES

30 June 2022	30 June 2021
129,850,916	288,982,120
1,526,268,288	1,420,871,658
(1,463,432,524)	(1,394,441,501)
	(185,561,360)
(88,613,323)	(98,013,500)
104,073,356	31,837,416
30 Jun 2022	30 Jun 2021
TZS'000	TZS'000
191,926,442	128,927,546
191,849	191,849
2 ⁹ ()	(0)
568,389	731,521
(88,613,323)	(98,013,500)
104,073,356	31,837,416
	129,850,916 1,526,268,288 (1,463,432,524) (88,613,323) 104,073,356 30 Jun 2022 TZS'000 191,926,442 191,849 568,389 (88,613,323)

(b) PENALTIES/ADDITIONAL CONTRIBUTION

	30 Jun 2022	30 Jun 2021
	TZS'000	TZS'000
Opening	57,246,138	59,276,949
Addition	3,709,033	2,929,669
Receipts	(5,857,449)	(4,960,480)
	55,097,722	57,246,138
ECL		
	56,906,214	23,247,192
Impairment charge/reversal	(4,258,129)	33,659,022
Impairment	52,648,085	56,906,213
Closing	2,449,637	339,923

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(c) OTHER RECEIVABLES

0	30 June 2022 TZS "000"	30 June 2021 TZS "000" 131,541,504
Opening	42,896,138	
Addition Deductions (Revenue Grant	32,984,985	32,015,018
Receivable		(75,342,236)
Receipts	(13,798,016)	(4,557,210)
Adjustments/Reversals	(20,029,546)	(40,760,938)
-	42,053,563	42,896,138
ECL		
Opening	(3,299,904)	(75,794,315)
Addition/reversal	(11,326,663)	72,494,411
	(14,626,567)	(3,299,905)
	27,426,996	39,596,235
Other receivables breakdown	30 Jun 2022	30 Jun 2021
Grants receivable	(ar)	(•)
Staff receivable	17,510,049	19,258,267
Diesel and Electricity	517,269	477,227
Low cost houses and plots	24,026,245	23,689,402
Advance pension to constitution staff		(528,757)
Impairment	(14,626,567)	(3,299,904)
	27,426,996	39,596,235

Significant increase in expected credit loss on other receivable is attributed by extended ECL coverage contrary to the last financial year review.

(d) Dividend receivable

	30-Jun-22	30-Jun-21
	TZS'000	TZS'000
At start	699,727	288,621
New declaration	26,817,748	41,067,773
Dividend Received	(27,311,878)	(40,656,667)
At closing	205,597	699,727

(e) RENT AND PARKING RECEIVABLE

	Rent receivables	Parking receivables	<u>Total</u>
	TZS '000	TZS '000	TZS '000
Year ended 30 June 22			
Opening balance	34,821,339	1,483,897	36,305,236
Additions during the year	29,251,011	1,134,373	30,385,384
Receipts	(28,818,382)	(825,991)	(29,644,373)
Total	35,253,968	1,792,278	37,046,247
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NOTES TO THE FINANCIAL STATEMEN	TS FOR THE YEAR ENDED	0 30 JUNE 2022	
Impairment	(21,882,318)	(1,635,870)	(23,518,189)
Closing net book amount	13,371,650	156,408	13,528,058
Year ended 30 June 21			
Opening balance	30,302,440	1,008,435	31,310,874
Additions during the year	32,023,181	1,233,587	33,256,768
Receipts	(27,504,281)	(758,125)	(28,262,406)
Total	34,821,339	1,483,897	36,305,236
Impairment	(19,439,712)	(987,962)	(20,427,674)
Closing net book amount	15,381,627	495,935	15,877,562

The receivables are initially measured at the amount which the Fund expects to be entitled, being the amount expected to be received at the end of the contractual period or the period provided in the statute.

There were no restrictions on the use of balances due from debtors (2020/21: nil)

Except for the ECL estimates on staff receivable which has been computed by considering time value of money, the remaining receivable ECL were calculated with reference to their aging.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Set out below shows movements in the allowance for the expected credit losses of receivables.

IMPAIRMENTS MOVEMENT As at 01 July 2021	Contribution receivable 98,013,500	Statutory penalties 56,906,214	Other receivables 3,299,904	Rent and parking 20,427,674	Total 178,647,292
Addition during the period Reversal during the period	(9,854,888)	4,258,129)	14,431,914 (3,105,251)	3,090,5	7,363,380 (7,363,380)
As at 30 June 2022	88,158,612	52,648,085	14,626,567	23,518,188	178,951,451
As at 01 July 2020	201,563,207	23,247,192	75,794,315	14,603,691	315,208,405
Addition during the period	82,011,689	33,659,022	2,847,825	5,823,983	124,342,519
Reversal of impairment	(185,561,396)		(75,342,236)	11	
As at 30 June 2021	98,013,500	56,906,214	3,299,904	20,427,674	178,647,293

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

29 VAT AND WITHHOLDING TAX RECOVERABLE

	30 June 22	30 June 21
	TZS'000	TZS'000
VAT Receivable	6,492,669	313,951
Withholding tax Receivable/(Payable)	289,216	7,329,775
Total	6,781,885	7,643,726
Movement in VAT and withholding tax recoverable		
At the beginning of the year	7,643,726	8,523,144
Tax claimable/(payable) during the year	(861,841)	(879,418)
At the end of the year	6,781,885	7,643,726
LOAN INVESTMENTS		
COST	30 June 2022	30 June 2021
	TZS'000	TZS'000
At the beginning of year	597,385,229	875,145,950
Addition/adjustment	13,978,812	42,819,582
Interest	1,702,083	4,287,793
Repayments	(13,719,553)	(324,868,096)
	599,346,572	597,385,229
ECL	277,897,654	273,399,535
At the end of year	321,448,918	323,985,694
LOANS BREAKDOWN	7761000	T7 0000
Direct loss to the Conservation	TZS'000 231,402,698	TZS'000 231,402,698
Direct loan to the Government	71,273,200	55,196,262
Corporate Loans	6,733,524	13,996,933
Loans to corporative societies Members Loans	12,039,496	23,389,801
Members Loans	321,448,918	323,985,694
Expected Credit Losses Allowance for Loan Invest	ments	
Balance at 1 July	273,399,534	18,509,459
Additional Impairment	4,621,500	254,890,076
Release of provision	(123,380)	0.10
	277,897,654	273,399,535

Loan investments are comprised of loans issued directly to the government, public institution with government guarantee, corporate and corporate societies. Further, mortgage loan issued to members before merging of Funds as well as education loans The loans are secured against Members' retirement benefits in the case of loans to Members, property and equipment as well as government guarantees in the case of corporate entities.

Loans outstanding from Government related entities totalled TZS 231 billion as at 30 June 2022 (2021: TZS 231 billion).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

31 TRADABLE INVENTORIES

	Houses	Plots	Total
Period ended 30 June 2022	TZS '000	TZS '000	TZS '000
Opening balance	101,027,215	12,994,932	114,022,147
Reclassification	(93,941,610)	0	(93,941,610)
Sold during the period	(1,087,960)	(352,310)	(1,440,270)
Loss on valuation	(1,836,282)	(5,344,189)	(7,180,471)
Closing net book amount	4,161,363	7,298,433	11,459,796
Year ended 30 June 2021			
Opening balance	104,638,355	14,326,644	118,964,999
Sold during the period	(4,467,077)	(1,331,713)	(5,798,790)
Impairment	855,937		855,937
Closing net book amount	101,027,215	12,994,932	114,022,146

All tradable inventories were physically verified. Any inventory write-down is determined by reference to specific items of house or plot.

32 INVESTMENT PROPERTIES

	Land	Rental Buildings TZS'000	Total
Year ended 30 June 2022	TZS '000'	TZS '000'	TZS'000
At start of year	57,634,561	1,109,528,619	1,167,163,180
Additions during the year		146,784	146,784
Reclassifications to PPE	-	(84,179,199)	(84,179,199)
Reclassification from tradab	le inventories	93,941,610	93,941,610
Fair value adjustments	1,245,639	(66,917,656)	(65,672,017)
At end of the period Year ended 30 June 2021	58,880,200	1,052,520,158	1,111,400,358
At start of year	64,397,681	1,087,594,094	1,151,991,776
Additions		4,907,141	4,907,141
Reclassifications	(6,763,120)	0	(6,763,120)
Fair value adjustments		17,027,384	17,027,384
At end of the Period	57,634,561	1,109,528,619	1,167,163,180

Investment property comprises of a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of at least 1 years, with fixed annual rents with landlord review rights at the end of the lease period. Subsequent renewals are negotiated with the lessee and the average renewal period is five years. No contingent rents are charged.

There are no restrictions on realisability of investment property or remittance of income and proceeds from disposal. None of the Fund Investment property has been pledged as collateral.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Fund is aware of thirty-five (35) years lease contract with Southern Sun Tanzania Limited on plot no 217 and 218 situated at block 35 garden avenue Ilala. The lease contract started on 01 August 2000 and contains an extension option of fifteen 15 years

Changes in fair values are recognized as gains/(losses) in the statements of changes in net assets available for benefits and included in 'investment income. All gains/(losses) are unrealized.

Measurement of Fair Values

The Fund uses fair value to measure its investment properties. The fair value of investment properties was determined by an independent, external property valuer who has appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value information of the Fund's investment properties every year.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used

Fair valu	Fair value at		Valuation		Deletionship of		
30 June 22 30 June 21 Hiera		Hierarchy	technique and key	Significant unobservable	Relationship of unobservable input		
TZS'000	TZS'000			inputs	to fair value		
1,111,400,358	1,167,163,180	Level 3	Depreciated cost method				

The Fund had no investment property that exceed 5% of the Fund's net assets as at 30^{th} June 2022 (2021: NIL).

The following are amounts recognized in profit or loss for investment properties:

	30 June 22	30 June 21
	TZS' 000	TZS' 000
Rental Income	30,385,384	31,307,873
Direct operating expenses used to manage the properties	14,939,949	14,502,441
Fair value gain (losses)	(65,672,017)	(17,027,384)

The Fund operations is within Tanzania therefore has no exchange difference resulted from foreign currency translations in its Investment properties.

The Fund currently has no new construction in progress and has not acquired any investment hence all Additions are expenditures incurred for major repairs.

The Fund has no any of its Investment Properties classified as Held for sale under IFRS 5

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33 ASSOCIATES AND JOINT VENTURE

	Associates	Joint Ventures	Total
Period ended 30 June 2022	TZS '000	TZS '000	TZS '000
Opening balance	17,359,691	31,678,816	49,038,507
Reclassification	27,252,406	(332,044.1)	26,920,362
Disposal/Proceeds	2	(719,625)	(719,625)
	44,612,097	30,627,147	75,239,243
Fair Value			
Opening balance	5,070,001	(12,322,133)	(7,252,132)
Increase/Reversal	3,907,616	(1,307,923)	2,599,693
Reclassification	÷	332,044	332,044
	8,977,617	(13,298,012)	(4,320,394)
Net closing amount	53,589,714	17,329,135	70,918,849
Year ended 30 June 2021			
Opening balance	24,986,007	20,935,231	45,921,238
Additions	1,200	•	1,200
Disposal/Reclassification	(7,627,516)	(11,038,585)	3,411,069
Proceed		(295,000)	(295,000)
	17,359,691	31,678,816	49,038,507
Fair Values			
Opening balance	(12,512,682)	(11,129,687)	(23,642,369)
Increase	(13,982,267)	(6,726,873)	20,709,140
Reversal	3,600,416	(7,587,274)	3,986,858
	5,070,001	(11,990,088)	(6,920,087)
Closing balance	22,429,692	19,356,684	41,786,375

Increase in associates contrary to previous year is caused by the Tanzania Re-Insurance Company reclassification from unlisted as Fund holding is above 20%

As at 30 June 2022, the Fund had five associates entities (2021: three) with holding percentage ranging from 35 to 44 and four Joint Ventures that are material to the Fund. Additional associates are Mponde Holding Company as a result of signed MoU and TAN-RE which was reclassified from unlisted to the reflect holding percentage of 35. Number of Joint Venture investments has decreased due to reclassification of an outstanding balance in respect of Mkulazi holding company to other debtor as fully payment awaits for verification.

As an investment entity, the Fund elected to measures its investments in Associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 and IAS 28. The fair value of investments in associates and joint ventures is determined using market approach through multiples of earning and price to book value methods.

As at 30 June 2022, there were no contingent liabilities in relation to our interest in the Associates and Joint Ventures.

The Fund receives income in the form of dividends and interest from its investments in the Associate and Joint Ventures. There are no restrictions in the ability of Associate or Joint Ventures to transfer funds to the Fund in the form of cash dividends or to repay loan and advances.

30-Jun-21 TTS' 000	1,716,000	14,643,691	1,000,000			17,359,691		Balance as at 30-Jun-21	TZS' 000	18,462,014	1,846,173	332,044	9,982,336	1,056,249.50	31,678,816
				25,227,406	2,025,000	27,252,406		Accumulated FV	TZS' 000	(6,329,139)	690,710	(332,044)	(7,659,582)	×	(13,630,055)
Addition/Reclassification				2		22		Reclassificatio n FV				332,044.26			332,044
Accumulated FV T78' 000		7,721,533	(113,786)	1,369,870		8,977,617		Additions/ Payments	TZS' 000	£			(677,625)	(42,000)	(719,625)
	1,716,000	22,365,224	886,214	26,597,276	2,025,000	24,967,438		Reclassification (cost)				(332,044.26)			(332,044)
	3							Balance as at R 30-Jun-22	TZS' 000	12,132,875	2,536,883		1,645,128	1,014,249	17,329,135
% of ownership	39	35	44	35	42			% of owners hip		50	50	50	54		
33 ASSOCIATES Entities	Neuru Hills Ranch Limited	Ubungo Plaza Limited	Tanzania Mercantile Exchange	Tanzania Reinsurance Company	Mponde Holding Company Ltd	Total	JOINT VENTURES	Entity		NHC/PPF IPS Building Company Limited	PPF/DCC Investment Company Limited	Mkulazi Holdings Limited *	APC investment Centre	Nambongo Sumbawanga	Total
33							33								

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE, 2022 (CONTINUED)

33 ASSOCIATES AND JOINT VENTURE (CONTINUED)

DESCRIPTION OF THE ASSOCIATES

Details	Nguru Hills Ranch Limited	Ubungo Plaza Limited	Tanzania Mercantile Exchange Plc	TAN RE	Mponde Holding Company Ltd
Nature of Business	Industry	Real Estate	Trade/Commerce	Re-insurance	Manufacturing
Nature of relationship with the Fund	Associate	Associate	Associate	Associate	Associate
Principal place of business	Morogoro	Dar es Salaam	Dar es Salaam	Dar es Salaam	Lushoto
Reporting period		30-June	31 December	31 December	
Ownership interest/rights held	39%	35%	44%	35%	42%

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE, 2022 (CONTINUED)

DESCRIPTION OF THE JOINT VENTURES

Details	PPF/DCC Investment Company Limited	NHC/PPF IPS Building Company Limited	Nambongo Sumbawanga	Nambongo Sumbawanga **APC Investment Company
Nature of Business	Car parking Block £Offices	Property Management	Surveying and sales of plots	Hospitality Services
Nature of relationship with the Fund	Joint Venture	Joint Venture	Joint Venture	Joint Venture
Principal place of business	Dar es Salaam	Dar es Salaam	Sumbawanga	Dar es Salaam
Reporting period	30-June	30-June		30-June
Ownership interest/rights held	50%	50%		54%
Total Assets	9,930,640	33,286,325		31,597,944
Total Liabilities	3,581,315	502,247		26,863,944
Net Assets	6,349,325	32,784,078		4,734,000
Turnover	242,369	782,541		2,768,974
Operating profit	102,851	560,625		-2,132,283

PPF/DCC Parking Ltd and PPF/NHC IPS Building Co. Ltd are unlisted joint arrangements in which the Fund has joint control and a 50% ownership interest. PPF/DCC Parking Ltd was founded by the Fund and Dar es Salaam City Council. The Fund has joint control with NHC in PPF/NHC IPS Building Co. Ltd. These are Fund's strategic partners, principally engaged in real estate investments in a strategic location.

Both PPF/DCC Parking Ltd and PPF/NHC IPS Building Co. Ltd are structured as a separate vehicle and the Fund has a residual interest in their net assets. Accordingly, the Fund has classified its interest in these entities as Joint Ventures.

Nambongo Sumbawanga was established for the purpose of surveying land and sell plots to citizen. No specific vehicle was established other than opening a bank account that requires both parties' consent in case of withdrawal and other transactions

since Fund and Sumbawanga Municipal agreed to operate bank account used to collect revenues from plots, no financial statements prepared to enable assets and liabilities disclosure at the reporting date **APC investment assets and liabilities disclosure made by using last financial year statements following exercising of re-purchasing option instead to prior option of receiving dividend upon declaration.

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE, 2022 (CONTINUED)

34 INVESTMENT IN SUBSIDIARIES

	30-Jun-22 TZS '000	30-Jun-21 TZS '000
COST		
At the beginning of year	267,003,861	502,326,730
Additions		36,057,959
Adjustment		7,034,622
Reclassification	(327,981)	(278,415,450)
	266,675,880	267,003,861
Fair value movement		
Accumulated fair value	(9,238,495)	(35,133,572)
Additions/Reversal	(7,264,867)	25,895,077
	(16,503,362)	(9,238,495)
At the end of year	250,172,518	257,765,365

The Fund meets the definition of an investment entity. In accordance with the exception under IFRS 10, the Fund does not consolidate subsidiaries in the Financial Statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. Accordingly, the subsidiaries are recognized as investments at fair value through profit or loss.

Summary of unconsolidated subsidiaries

	Principal place	Proportion of (Ownership
Entity	of business	30 June 22	30 June 21
Azania Bank Limited	Dar es salaam	51.95%	51.95%
Msamvu Properties Company (T)			
Ltd	Morogoro	72.70%	72.70%
Mamba Ginger Growers Company			
Limited	Kilimanjaro	60.00%	60.00%
Kilimanjaro International Leather			
Company	Kilimanjaro	85.7%	85.7%
Mwanza City Commercial Complex			
Company Limited	Mwanza	92.80%	92.80%
Watumishi Housing Company	Dar es salaam	57.20%	57.20%

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2021 (CONTINUED)

INVESTMENT IN SUBSIDIARIES (CONTINUED) 34

Investments in subsidiaries by entity at the end of period

Entity	30-Jun-21	Cumm. Fair Values	Reclassification Cost	30-Jun-22
	.000. SZT	.000, SZT	.000. SZL	.000, SZT
Azania Commercial Bank	97,415,780	5,400,566		102,816,346
Kilimanjaro International Leather Industries	59,960,100	(14,705,066)		45,255,034
Mamba Ginger Co. Ltd	6,700,000	¥1.	•	6,700,000
Msamvu Properties Company Ltd	29,600,000	(19,407,610)	•	10,192,390
Mwanza City Commercial Complex Company Ltd	72,000,000	12,125,935		84,125,935
Mzizima Properties Ltd	321,481	30	(321,481)	3
Pension Properties Limited	6,500	α.	(6,500)	•)
Watumishi Housing Co. Ltd (Shares)	1,000,000	82,813		1,082,813
	267,003,860	(16,503,362)	(327,981)	250,172,518

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

35 STATIONERY AND CONSUMABLES

	Stationeries	Other Consumables	Total
	TZS '000	TZS '000	TZS '000
Year ended 30 June 2022			
Opening balance	417,655	5,645	423,301
Purchases	791,998	558,532	1,350,530
Utilized during the period	(832,865)	(558,701)	(1,391,566)
Impairments	(93,029)	-	(93,029)
Closing net book amount	283,759	5,478	289,236
Year ended 30 June 2021			
Opening balance	378,004	5,684	383,688
Purchased during the year	761,470	67,885	829,354
Utilized during the year	(721,819)	(67,924)	(789,743)
Impairments	(93,029)		(93,029)
Closing net book amount	324,626	5,645	330,271

The Fund used FIFO method to account for its inventories Provision for obsolescence is determined by reference to specific items of stationery or consumable.

During the period under review

- (i) None of the Fund's inventory was pledged as security for liability during the year.
- (ii) Inventories amounting to TZS 1.39 billion (2021: TZS 0.79 billion) has been expensed during the year.
- (iii) The Fund purchases stationeries and consumables for use within the next short period therefore did not write down any of its stationery and consumables during the year.
- (iv) The Fund also did not reverse any amount that was written off in previous years.
- (v) The Fund did not have any of its inventory pledged as a security for liabilities during the year

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

36	RIGHT OF USE ASSET	Office Space TZS '000	Total TZS '000
	As at 01 July 2021 (Cost)	1,961,633	1,961,633
	Addition	28,481	28,482
		1,990,114	1,990,115
	Accumulated amortization	771,011	771,011
	Charge for the year	426,665	426,665
	Adjustments	(100,195)	(100,195)
		1,097,481	1,097,481
	Closing Balance (30/06/2022)	892,633	892,634
		1,005,523	1,005,523
	As at 01 JULY 2020 (Cost)	956,110	956,110
	Addition	1,961,633	1,961,633
	Accumulated amortization	353,328	353,328
	Charge for the year	407,112	407,112
	Adjustment	10,571	10,571
		771,011	771,011
	Closing Balance (As at 30/06/2021)	1,190,622	1,190,622

Right of use asset includes leases of office space for Fund's zonal and regional offices. During the year, there were no income earned as a result of sub-leasing right of use assets

37 INTANGIBLE ASSETS

	30-Jun-22	30-Jun-21
	TZS '000	TZS '000
COST		
At beginning of year	5,979,948	5,979,948
Additions	216,318	0
At the end of year	6,196,266	5,979,948
AMORTISATION		
At the beginning of year	4,986,393	4,577,425
Charge for the year	227,924	408,968
At the end of year	5,214,317	4,986,393
Net book value	981,949	993,555

The useful lives of intangible assets are assessed as either finite or indefinite. All computers software has finite lives and are amortized over their useful economic lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense of the intangible assets with finite lives is recognized in the statement of changes in net assets available for benefits in the expense category. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of changes in net assets when the asset is derecognized.

The amortization expense on intangible assets with finite lives is recognized in the statement of changes in Net Asset Available for Benefits in the expense category.

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment of intangible assets.

The Fund has internally generated software that supports its operations. This has not been recognised as part of intangible assets as there are no costs relating to the development of the internally generated software that can be differentiated from the ordinary operating costs of the Fund. The related expenditure is recognised in the Statement of Changes in Net Assets Available for Benefits in the period in which the expenditure is incurred.

The Fund has no contractual commitments for development costs (2021: nil) and none of the Fund's fully amortized intangible assets are still in use.

The Fund did not reclassify any of its intangible assets during the year as held for sale under IFRS 15. The Fund has some fully amortized intangible assets which are old, merged Funds systems for data retrieving. The systems are not used for any of its active operations.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR PERIOD ENDED 30^{TH} JUNE, 2022

38 PROPERTY AND EQUIPMENTS

ø							
		Equipment and Machinery TZS '000	Furniture and Fittings TZS '000	Computer Hardware TZS '000	Motor Vehicles TZS '000	Office Buildings TZS '000	Total TZS '000
	Year Ended 30 June 2022						
	AT COST						
	At the beginning	13,748,117	5,875,680	7,600,966	5,816,508	1,030,344	34,071,615
	Additions	258,371	11,199	846,632		1.2	1,116,202
	Reclassification from Inv Properties	18,290	356,745	1		83,804,164	84,179,199
	Disposals	(556,335)	(587, 253)	(1,079,808)	(2,740,951)		(4,964,347)
	At the end	13,468,443	5,655,288	7,368,873	3,075,557	84,834,507	114,402,668
	ACC DEPRECIATIONS						
	At the beginning	5,932,740	3,482,245	5,607,831	4,999,195	38,111	20,060,121
	Charged during the period	1,965,556	1,160,560	814,318	352,461	20,708	4,313,603
	Disposals	(550,380)	(581,199)	(1,062,220)	(2,725,934)	я	(4,919,734)
	At the end	8,247,916	3,061,605	5,459,928	2,625,721	58,819	19,453,990
	NET AMOUNT	5,220,527	2,593,683	1,908,944	449,835	84,775,689	94,948,678
	Year ended 30 June 2021						
	AT COST						
	At the beginning	13,640,139	5,723,457	7,086,702	5,445,956	1,030,344	32,926,598
	Additions	107,978	152,223	514,263	370,552	3	1,145,016
	Disposals	((đ	'	•		
	At the end	13,748,117	5,875,680	7,600,966	5,816,508	1,030,344	34,071,615
	DEPRECIATIONS						
	At the beginning	3,445,698	2,195,556	3,693,119	2,898,401	17,469	12,250,244
	Charged during the period	2,487,041	1,286,689	1,914,712	2,100,794	20,642	7,809,878
	Disposals		1		8		
	At the end	5,932,740	3,482,245	5,607,831	4,999,195	38,111	20,060,121
	NET AMOUNT	7,815,377	2,393,435	1,993,135	817,313	992,233	14,011,493

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

38 PROPERTY AND EQUIPMENT (CONTINUED)

The useful lives of the assets are estimated as follows:

Buildings	50 years;
Office equipment	10 years;
Motor vehicles	5 years;
Furniture & fittings	10 years and
Computer hardware	5 years.
Furniture & fittings	10 years and

Cash outflow for the purchase of items of property and equipment are equivalent to the amount of additions.

Property and equipment are recognized when it is probable that the future economic benefits associated with the asset will flow to the entity and its cost can be measured reliably. The cost includes cost incurred initially to acquire or construct an item and cost incurred subsequently to add to, replace part of or service it. Items of PPE are depreciated over useful life on straight line basis and the useful life is reviewed at each reporting date or when the need arises. Management considers that the NBV of its properties does not materially vary with fair values.

There is no item of property and equipment that was used as security for any loan. None of properties and equipment is fully depreciated but still in use.

The net carrying amount of property and equipment does not include any finance lease as the Fund does not have property and equipment that are held under finance lease.

There is no compensation from third parties for item in property and equipment that were impaired, lost or given up that is included in profit or loss.

The Fund had no temporary idle items that are not in use and had no any restrictions in using its properties as at 30th June 2021.

The Fund had no any item of Property, plant and equipment classified as Held for Sale in accordance to IFRS 5 as at 30th June 2022.

39 DEFERRED TAX ASSETS

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

	30 June 22 TZS'000	30 June 21 TZS'000
At start of year	(280,062,876)	(114,398,332) (165,664,544)
Debited/(Credited) to statement of changes in net assets available for benefits At end of period	211,476,529 (68,586,347)	(280,062,876)

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in the statement of changes in net assets available for benefits is attributed to the following items:

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

39 DEFERRED TAX ASSETS(Continued)

	30-Jun-22	(Credit)/Charge to statement of changes in assets available for benefits	30-Jun-21
	TZS'000	TZS'000	TZS'000
Fair value gain/loss on investments	(14,559,066)	179,602,790	(194,161,856)
Accelerated capital deductions	(54,027,281)	31,873,739	(85,901,020)
Net deferred income tax	(68,586,347)	211,476,529	(280,062,876)

40 BENEFITS PAYABLES

	30 June 2022	30 June 2021
	TZS'000	TZS'000
Opening	696,221,722	430,264,294
Additions during the year	1,697,817,672	2,180,438,667
Payments	(1,924,961,389)	(1,914,481,239)
Closing	469,078,005	696,221,722
Payable Details		
Retirement	384,898,618	593,302,022
Survivor	18,958,469	54,141,176
Invalidity	242,654	730,748
Withdrawal	10,836,526	23,798,247
Other Benefits	54,141,738	24,249,529
Grand Total	469,078,005	696,221,722

Benefits payable are comprised benefit claims due to Members and their dependents under the PSSSF Act at the year end.

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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

41 LEASE LIABILITY

The Fund leased various zonal and regional offices under non-cancellable lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and also no restrictions have been imposed by these lease arrangements.

The carrying amounts of lease liabilities and the movements during the year is shown below

Opening (As at July)	30 June 22 TZS'000 1,188,973	30 June 21 TZS'000 862,800
Additions (due to extension option)	251,153.31 122,069	571,581 277,151
Interest (Finance Cost) Payments during the year	(379,362)	(522,559) 1,188,973
	1,031,482 30 June 21	30 June 20
MATURITY ANALYSIS	TZS'000	TZS'000
Maturing within twelve months Maturing over twelve months	620,799 410,682	443,134 745,839
Total	1,031,482	1,188,973

Note: Current and non-current liabilities agree with the above maturity analysis.

During the period, there were no expenses as a result of low value lease or shorter period leases. In addition, no expenses relating to lease payments not included in the measurement of lease liabilities.

42 OTHER PAYABLES

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Creditors Goods and Services	2,035,750	1,794,065
Retention Money	2,723,232	19,000,431
VAT and Withholding Tax Payable	155,716	(6,410,722)
Rent Deposit and Advances	10,076,795	9,977,155
Service Charge	26,370	
Other Creditors	9,012,921	10,367,366
Grand Total	24,030,784	34,728,295
PROVISIONS		
Beginning Balance	5,367,997	7,029,929
Provision made during the year	9,619,831	6,467,263
Provision used during the year	(6,234,435)	(3,821,900)
Provision reversed during the year		(4,307,295)
Ending Balance	8,753,394	5,367,997

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

Provision for Pending litigation

As at year end, there were pending legal cases where the Fund was a defendant. No provision has been made due to professional advice on chances of losing the case but there can be no assurance that the scope of these matters will not be extended, nor will that material lawsuits, claims, legal proceedings or investigations not arise in the future

Provision for Retirement Benefit Obligations

The Fund made a provision for retirement benefits in respect of the Fund's obligation to the retirees. The timing of submission by the employers of the retirement claims and the potential changes in salary information and exit dates create uncertainties over the eventual amount of benefit payable and the timing of the payments.

The Fund has estimated the liability using an estimate of existing salary information, the start and the exit dates of the Member. Accordingly, provision of TZS 406 billion has been made (30 June 2021: TZS 617. billion).

44 PAYABLE TO RELATED PARTIES

	30 June 22 TZS'000	30 June 21 TZS'000
MAMBA GINGER CO. LTD	5,096,349	5,282,396
MSAMVU PROPERTIES COMPANY LTD	14,294,196	14,287,990
MPONDE HOLDING COMPANY	2,025,000	
Grand Total	21,415,545	19,570,386

These are capital commitments payable to associates and subsidiaries as per memorandum of understanding entered. Share certificates are issued to reflect paid up share capital.

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

45 INCOME TAX LIABILITIES

	30 June 22	30 June 21
	TZS'000	TZS'000
At the beginning of the year	141,422,963	196,574,147
Current tax for the year	16,802,963	16,669,186
Adjusted tax assessment	14,035,094	
Tax paid during the period	(83,237,109)	(71,820,370)
At period end	89,023,912	141,422,963

During the year, TRA carried out tax audit for three consecutive years from 2018/2019 to 2020/2021 financial years and issued tax assessment of TZS 421.05 billion. The Fund accepted tax liability of TZS 14.04 billion as an amount not in dispute and filled notice of objection to the authority for the remained sum basis being chargeable income considered interest from treasury bond contrary to GN No 177 (1993). Prior to this assessment, the Fund had tax assessment issued for three merged funds of LAPF, PPF and PSPF. Objections has been lodged as detailed below: -

150,783,007
143,091,168
6,097,034
299,971,209

These amounts were not provided in the financial statements rather being disclosed due to uncertainty of the amount payable

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

46 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, a number of transactions are entered into with related parties' i.e. trustees, key management staff, subsidiaries, associates, directors and their associates

These include allowances, loans, trustees' fees, payments to and from associates and subsidiary. Apart from contributions above and loans disclosed in Note 28, the following are transactions and balances outstanding with related parties:

i.	Payments Made to Related Parties	30 June 22 TZS,000	30 June 21 TZS,000
	Nguru Hills Ranch Limited	÷.	•
	Mamba Ginger Growers Company Limited	186,047	101,762
	Kilimanjaro International Leather Company	12,212,063	13,507,156
	Staff loans	5,504,341	2,067,381
		17,902,451	15,676,299
ii.	Receipts from related parties		
	Azania Bank Limited	Nis.	200
	Repayments of staff loans	6,103,069	4,352,089
	Sumbawanga municipal council	42,000	291,596
	APC Investment Centre	677,625	
	Kilimanjaro International Leather Company	34,317	
	Members loans	10,240,829	39,693,348
		17,097,840	44,337,033
iii.	Outstanding balances due from related parties		
	Staff loans	16,790,544	18,728,341
	Members' loans	11,421,024	21,661,853
		28,211,568	40,390,194
iv.	Outstanding balances to related parties		
	MAMBA GINGER CO. LTD	5,096,349	5,282,396
	MSAMVU PROPERTIES COMPANY LTD	14,294,196	14,287,990
	MPONDE HOLDING COMPANY	2,025,000	
	Grand Total	21,415,545	19,570,386
v.	Interest income from related parties		
	Interest Members loans	320,032	1,177,134
		320,032	1,177,134

The amounts due from subsidiaries are unsecured. Members' loans are granted at age 55 and are secured by benefits vested in the Fund while staff loans are secured by motor vehicle registration cards or title deeds for car loans and house loans respectively. All amounts are settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

46 RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration of Trustees and Key Management Personnel

The remuneration of the Board of Trustees, the Governing Board of the Fund, is set out below:

		<u>30 June 22</u> TZS '000	<u>30 June 21</u> TZS '000
i.	Board of Trustees Trustees' remuneration	58,523	103,375
	Other board expenses	477,626 536,149	398,856 502,23 1

The remuneration, allowances and loans of the key management personnel, those persons having authority and responsibility for planning, directing and controlling the Fund, are as set below:

ii. Key Management compensation		
Short-term employee benefits	1,358,424	1,358,424
Social security contributions - defined contribution plan	203,764	203,764
Employee health benefit expense	2	¥
Other allowances	420,173	420,173
	1,982,361	1,982,361
iii Loans to key Management Personnel		
Opening balance	919,570	419,409
Additions	116,692	625,317
Repayment	(212,287)	(125,156)
Ending Balance	823,975	919,570

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

47 COMMITMENTS

a) Capital Commitments

As at 30 June 2022, the Fund had capital commitments of TZS 7.12 billion (2021: TZS 9 billion). The capital commitments are for purchase of shares and various investment projects as detailed below:

	30 June 22	30 June 21
	TZS'000	TZS'000
Nguru Hills Ranch Limited	5,096,349	
Mamba Ginger Growers Company Limited		1,417,605
PSSSF Commercial Complex - Sam Nujoma Road		3,101,000
Mamba Miamba rehabilitation		70,000
PSSSF Tower and Parking Arcade		3,665,236
PSSSF Dodoma		265,785
Golden Jubelee Tower		250,000
PSSSF Arusha Plaza		232,572
Mponde Holding Company Ltd	2,025,000	
	7,121,349	9,002,198

b) Loan Commitments

As at 30 June 2022, the Fund had a commitment amounting to TZS 12,427 Million in favor of Kilimanjaro International Leather Ltd and MD consult for additional project costs and construction of college of informatics and virtual science at the university of Dodoma respectively (2021: 26,405 Million)

48 CONTINGENT LIABILITIES

Litigation

The Fund has 174 litigations in various courts with a total exposure of TZS 2.01 billion as a contingent liability 2021: TZS 14.88 billion). No provision has been made as the amount fails to meet the criteria required under IAS 37.

In other suits, the Fund vigorously denies that it was at fault and is defending itself against any action. Legal advice received from lawyers supports the Fund's belief that the claims are frivolous and without merit.

49 ASSETS PLEDGED AS SECURITY FOR LIABILITIES

As at June 2022, none of Fund's assets has been pledged as security for liabilities.

50 INVESTMENTS EXCEEDING 5% OF NET ASSETS AVAILABLE FOR BENEFITS

The following class of investments exceeded 5% of the net assets available for members' benefits

Investment Class	Percentage of net asset available for benefits	
	30 June 2022	30 June 2021
Deposits with financial institutions at amortized costs	5%	3%
Equity Investments at fair value	8%	7%
Government securities at amortized cost	61%	64%
Investment properties	15%	16%
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NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

51 INVESTMENTS IN THE EMPLOYER

The Fund had eleven (11) investments in the employer as detailed below.

Entity	Investment Category	30 June 2022	30 June 2021
CRDB Bank Plc	Fixed deposit	121,901,918	123,939,347
NBC Bank Ltd	Fixed deposit	19,717,892	20,605,984
NMB	Fixed deposit	49,731,297	51,228,676
UTT Microfinance	Fixed deposit	1,320,091	1,321,534
TIB Development Bank	Fixed deposit	23,941,312	119,706,562
CRDB Bank Plc	Equity	138,704,411	102,294,503
NMB Bank Plc	Equity	24,306,207	18,229,655
Tanzania Commercial Bank	Equity	1,820,900	10,034,420
Unit Trust of Tanzania (UTT)	Units	203,108,300	209,616,662
Watumishi Real Estate	Units	43,129,131	14,047,073
TMRC	Corporate bond	7,913,949	3,208,704

52 EVENTS AFTER REPORTING PERIOD

The Fund received directives from the Government of United Republic of Tanzania to refund 5% of the Members contribution by Employees who were terminated from public service on the bases of forged certificates. Management considers this as adjusting events because this matter was contemplated, as at 30 June 2022, there was uncertainty about the amount, which was subsequently decided. Included under Note 7 is the amount for contribution refund totaled TZS 22.19 billion being provided by the Fund as at 30 June 2022.

In addition, in FY 2022/23 the Fund started implementing a new pension formula introduced through "The Social Security Schemes (benefits) (Amendment) Regulations, 2022" on 1st July 2022 as per the Government Notice No. 357 published on 20th May 2022. Parametric reforms recommended are expected to enable the Fund to improve the liquidity and net asset positions, as benefits outgo are expected to match with contribution income.

The Trustees are not aware of any other matters or circumstances arising after the reporting period that requires adjustment to or disclosure in the Financial Statements.