



ZANZIBAR SOCIAL SECURITY FUND



ANNUAL REPORT 2012-2013

*Registration of members | Collection of member's contribution | Investment | Maintain
member's records | Payment of Benefit*



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LETTER OF TRANSMITTAL



Hon. Omar Yussuf Mzee

Minister for Finance

P. O BOX 1154

Zanzibar

Honorable Minister,

In accordance with section 36 (3) of the Zanzibar Social Security Fund Act No. 4 of 2005, I hereby submit on behalf of the Board of Trustees, a report on the Fund's Performance for the year ended 30th June 2013 together with audited accounts of the same period

Yours sincerely

A handwritten signature in red ink, consisting of several loops and a long horizontal stroke, followed by a vertical line ending in a small hook.

Dr. Khalid Salum Mohamed

Chairman of the Board of Trustees

FUND VISION	To be a leader and model social security provider in the region.
FUND MISSION	Dedicated to be a dynamic provider of social security benefits through the utilization of competent and motivated staff.
FUND CORE STRATEGIC OBJECTIVES	<ul style="list-style-type: none">To increase the membership growthTo increase compliance rateTo increase number of benefitsTo increase return on investmentTo establish enterprises risk managementTo increase efficiency and quality of service
FUND CORE VALUES	<ul style="list-style-type: none">Integrity and prudenceQualityTransparencyInitiativeRespectiveAccountabilityTrust and team workEqual opportunity service provider
FUND GOAL	To replace the member's income in the event of Contingencies.

GENERAL PERFORMANCE HIGHLIGHTS

Value in TZS Billions

Item	Year		
	2010/2011	2011/2012	2012/2013
Contribution Income	14.77	19.81	24.82
Net Investment Income	7.82	13.18	16.07
Investment Portfolio	77.84	101.24	126.27
Benefit Paid	3.52	4.75	6.50
Net increase in size of the Fund	17.01	25.97	30.91
Size of the Fund	84.75	110.72	141.63

The Zanzibar Social Security Fund was established under Section 4 of the Zanzibar Social Security Fund Act 1998 and re-enacted under section 4(1) of the ZSSF Act 2005 with an objective of providing social security to all eligible employees.

Since its establishment, the Fund has been able to record a steady growth and recent statistics shows that the size of the accumulated fund as at 30th June 2013 reached TZS 141.63 billion from TZS 110.72 billion as at 30th June 2012. (See exhibit I)

CHAIRMAN'S STATEMENT



On behalf of the Board of Trustees of ZSSF, I am delighted to present the Annual Report and Financial Statements for the year ended 30th June 2013. However, this will be my last presentation after serving 2nd term as Chairman of the Board of Trustees.

This year the Fund is in 2nd year of implementing its five year Strategic Corporate Plan of 2011/2012 -2015/2016 whereby most of the goals positively progressing.

During this year the overall performance of the Fund continued to be good. Contribution income increased by 25 percent from TZS 19.81 billion in year 2011/2012 to TZS 24.82 billion this year. This improvement was influenced by salary growth of contributing members and recruitment of new members. On the other hand, the growth in investment income from 13.18 billion in 2011/2012 to 16.07 billion in 2012/2013 representing an increase of 22 percent largely due to appreciation of share values in the companies where the Fund has invested, interest rates increase in the money market and volume of investment.

During the year 2012/2013 total benefits payment increased by 37 percent rising from TZS 4.75 billion in 2011/2012 to TZS 6.50 billion due to an increase in the number of retirees, whereas TZS 440.21 million was refunded to non-resident members.

The size of the fund increased from TZS 110.72 billion to TZS 141.63 billion in 2012/2013. This represents a growth of 28 percent which resulted from an increase in contribution, penalties and investment income.


The Fund has achieved all these successes despite the challenges that include inflation rate, a generous gratuity formula and an out of date ZSSF Act.

In conclusion, I would like to congratulate my fellow Board members for their active participation, commitment and guidance toward helping the Fund realize most of its goals during our term of service assuring that interest of members were delivered efficiently.

We extend our appreciation to the Revolutionary Government of Zanzibar for providing a conducive environment which enabled ZSSF to meet the mentioned performance. It is our expectation that such an environment will prevail in the coming period and make ZSSF achieve its fourth year strategic corporate plan for the betterment of the members and nation.

I would like to thank ZSSF Management and staff for their hard work and commitment in fulfilling their responsibilities. It is my expectation that they will continue to deliver high quality services to our members, customers, stakeholders and shareholders.

Last I wish the new Board the most achievement and positive results


Dr. Khalid Salum Mohamed
Chairman of the Board of Trustees

APPRECIATION AND CUSTOMER SERVICES RECOGNITION



*President of Zanzibar and Chairman of Revolutionary Council
Hon. Dr. Ali Mohamed Shein hands over a certificate of
appreciation for its effort on community commitment, support
and empowerment to Managing Director Mr. Abdul-wakil Haji
Hafidh on behalf of Zanzibar Social Security Fund*

Zanzibar Voluntary Social Security Scheme



ZSSF via voluntary social security scheme encourages self employees to join the scheme and enjoy the benefit offered through the ZVSS scheme

Education Benefit under Voluntary Social Security Scheme



One among the benefits offered by Voluntary Social Security Scheme is education benefit to its members.

MANAGING DIRECTOR'S PERFORMANCE REPORT



Introduction

On behalf of the Fund Management, it is my pleasure to report the annual Fund performance for the year ended 30th June 2013. This Annual Report comes with milestone achievements whereby the size of the Fund reached TZS 141.63 billion. That means during the period under review, the Fund continued to perform well by achieving most of its planned targets as detailed below:

Members' registration and Contribution Income

To increase the membership growth from the current 5% to 8% annually is the first strategic objective of the Fund.

In order to achieve its targets during the year 2012/2013, the Fund continued to raise awareness to its members, enhancing its public relation, issuing membership cards through registration and with a view to register more members. Due to these efforts and strategies used, the Fund managed to register 2,927 new members during the year which represent a growing by 4.5 percent from 64,657 members in 2011/2012 to 67,584 members. (From Male 37,924; Female 26,733 in 2011/2012) to (Male 39,600; Female 27,984 in 2012/2013) (See exhibit III-B)

During the year under review, contribution income increased from TZS 19.81 billion in 2011/2012 to TZS 24.82 billion in 2012/2013. This increase of 25 percent was attributed to membership and salary growth and improved compliance in remittance of members' contributions.

On the year, the investments portfolio of the Fund increased from TZS 101.24 billion in 2011/2012 to TZS 126.27 billion in 2012/2013 in which the Fund earned a net investment income of TZS 16.07 billion in 2012/2013. This represents the overall portfolio growth by 25 percent. Fund investment portfolio divided into 3 segments as below (see exhibit IV and V)

i. Investments in Fixed Income Assets

This asset represents treasury bills, government stock, treasury bonds, bank fixed deposits, equity investments and call account. During the year 2012/2013, investments in fixed income assets were TZS 109.03 billion compared to TZS 89.75 billion in 2011/2012. This represents 86 percent of the Fund's total investment portfolio of 126.27 billion and 77 percent of the total fund's net value of TZS 141.63 billion respectively. The total income earned was TZS 15.22 billion in 2012/2013 compared to TZS 12.69 billion in 2011/2012 representing an increase of 20 percent. The total income includes net appreciations in fair value of investments of 2.35 billion compared to 3.34 billion in 2011/2012

ii. Investments in Properties

Investments in properties increased from TZS 4.62 billion in year 2011/2012 to TZS 5.14 billion at 30 June 2013. This represents 4 percent of the Fund's total investment portfolio of 126.27 billion and 3.6 percent of the total fund's net value of TZS 141.63 billion respectively. Rent income received from properties fell from TZS 295.73 million in 2011/2012 down to TZS 274.78 million in 2012/2013.

iii. Loans

During the year under review, loans were only provided to government institutions increasing from TZS 6.85 billion in 2011/2012 to TZS 12.08 billion in 2012/2013. Loan investment constitutes 10 percent of the Fund's total investment portfolio and 8.5 percent of the total fund's net value of TZS 141.63 billion respectively. Interest received increased three fold from TZS 272.91 million in 2011/2012 to TZS 823.22 million in 2012/2013.

Benefits Payments

Benefit payments to beneficiaries as at 30th June 2013 was TZS 6.50 billion compared to TZS 4.75 billion in year 2011/2012 as categorized below. (See exhibit II)

Benefit Types	Period	
	2012/2013	2011/2012
	TZS	TZS
Gratuity	4,280,284,076	3,268,275,144
Survival	595,600,188	635,764,298
Pension	1,587,986,536	849,808,269
Invalidity	36,233,095	0
TOTAL	<u>6,500,103,895</u>	<u>4,753,847,711</u>

Size of the Fund

As a result of the Fund's operations, the Fund size has increased by 27.9 percent from TZS 110.72 billion in June 2012 to TZS 141.63 billion in June 2013. This enabled the Fund to have adequate liquidity to settle its current maturity obligation.

Human capital

Fund staff position as at 30th June 2013 was 79 compared to 71 staff as at 30th June 2012. The Fund continued to invest in human capital through training in long term, short term, seminars and conferences within the country as well as abroad in areas of customer services, finance, administration, information technology and investment.

Supplementary Scheme

The Fund has started to operate additional type of Social Security Schemes since September 2012. This supplementary Scheme is Zanzibar Voluntary Social Security Scheme (ZVSSS) which target to involve both formal and informal sectors additional to Diasporas.

Corporate Social Responsibility

ZSSF has an ethical commitment to contribute to the Social-Economic development of Zanzibar while improving the quality of life of the local community and society at large. It is devoted to fulfilling part of its Corporate Social Responsibility (CSR) through supporting national and social activities in Zanzibar and other areas of interest. During the year the ZSSF donated to health, education, sports, social empowerment, water and support to disaster victims.

Public Relations

ZSSF is committed to communicate to its stakeholders and members of the public on various issues related to its core functions and responded to their queries on regular basis. Communication was done through the media and May Day exhibition. Also emphasis was placed on public awareness programmes through radio, Television and other presentations conducted through seminars and stakeholders meeting. Education was provided on the issues of registration, benefits, importance of the member records and newly introduced ZSSF voluntary scheme. Also the Fund has been engaged in various sports activities with various stakeholders for the betterment of strengthening relations among participants.



The model of new ZSSF Uhuru amusement park which is under construction at Kariakoo Zanzibar



One among the real Estate investment located at Mbweni – Zanzibar

Future prospects

ZSSF will be continued to strengthen its customer care and service delivery through competent staff based on its ethical values.

The Fund intends to increase contribution collection from members by providing awareness and strengthen inspection team in order to reduce the defaulters and ensure that employers remit their contribution on time.

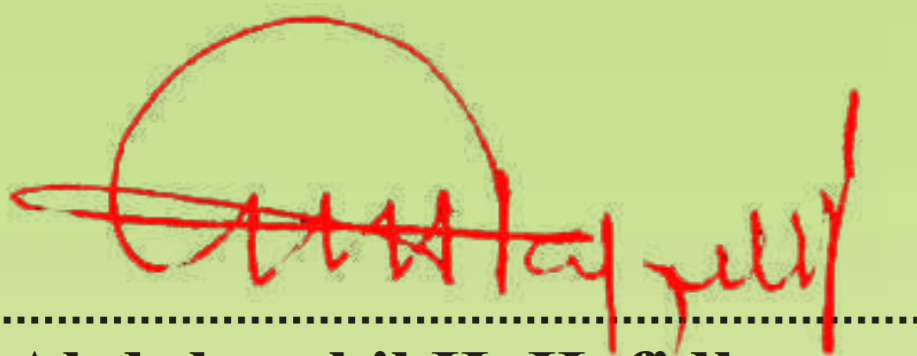
The Fund is committed to accomplish its viable investments such as Uhuru Amusement Park, Mapinduzi Squares and Mbweni estate.

ZSSF will be continuing with registration of members employed in the informal sector to its newly supplementary scheme – Zanzibar Voluntary Social Security Scheme (ZVSSS). These members found within a country or Diasporas.

Acknowledgment

On behalf of the Management, I would like to conclude by extending special appreciation to our members, employers, business associates and other stakeholders for their continued support.

I would like to thank the Board of Trustees for their guidance that has enabled the Management to discharge its duties efficiently and all ZSSF staff for their continued hard work and commitment throughout the year 2012/2013



Abdul-wakil H. Hafidh

Managing Director

HEAD OFFICE Address

Zanzibar Social Security Fund
ZSSF Building
Mnara wa Mbao
P. O BOX 2716
Zanzibar

BRANCH Address:

Pemba Branch
Tibirinzi Chake Chake
P. O BOX 298
Pemba

AUDITORS

Controller & Auditor General (CAG)
P. O BOX 258
Maisara
Zanzibar

TAC Associates

P. O BOX 258
Dar es Salam

BOARD SECRETARY

Mohamed F. Mzee
Head of Legal Unit
P. O BOX 2716
Zanzibar

MAIN BANKS

The People's Bank of Zanzibar Ltd
P. O BOX 1173
Zanzibar

FBME

P. O BOX 167
Zanzibar Branch

National Bank of Commerce (NBC)

P.O. BOX 157
Zanzibar Branch

BOARD OF TRUSTEES



Dr. Khalid M. Mohamed
Msc. Agricultural Economy, PhD
Chairman
Nationality: Tanzanian



Ali A. Mzee
Adv. Dip, Msc Bussiness IT
Trustee
Nationality: Tanzanian



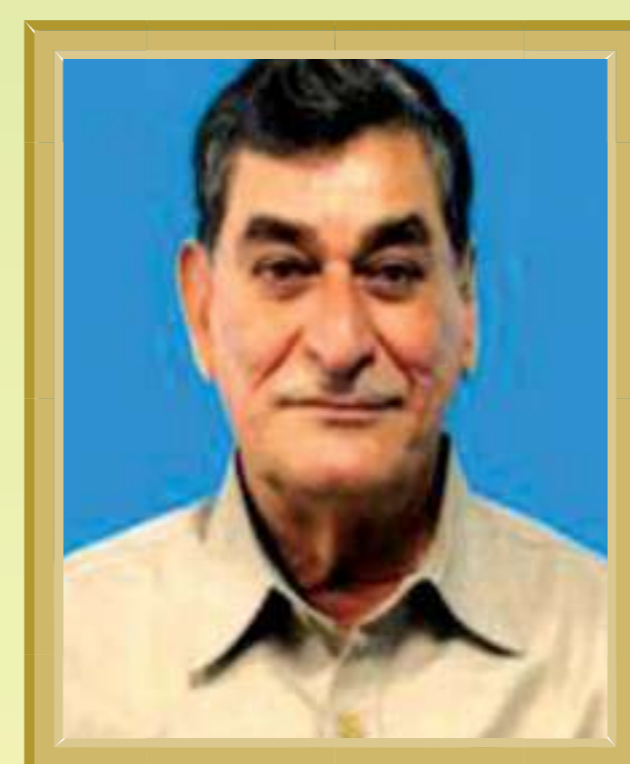
Twalib O. Mbwana
BA Social Development
Trustee
Nationality: Tanzanian



Mussa O. Tafurwa
Dip, Adv. Dip Engineering
Trustee
Nationality: Tanzanian



Joseph A. Meza
PGD, MBA
Trustee
Nationality: Tanzanian



Mohamed P. Bhaloo
Adv. Certificate (ACSEE)
Trustee
Nationality: Tanzanian



Abdul-wakil H. Hafidh
PGD, Msc. Finance
Trustee & Managing Director
Nationality: Tanzanian

MANAGEMENT OF THE FUND



Abdul-wakil H. Hafidh
PGD Finance, Msc. Finance
Managing Director (MD)



Khamis F. Thani
BA, Msc. Social Protection
Customer Services Manager
(CSM)



Halima M. Abdalla
Adv. Dip, PGD, Msc. Finance
Finance & Accounts Manager
(FAM)



Makame M. Silima
Adv. Dip, PGD Social Security
Personnel & Administration Manager
(PAM)



Eng. Khelef A. Nassor
Bsc (Hons) Computer Eng. & IT
Information and Communication
Technology Manager



Khalifa M. Hilal
Bcom (Hons), Msc Finance
Planning, Investment & Research
Manager (PIRM)



Rashid M. Abdalla
Adv. Dip. Labour Study
Pemba Branch Manager (PBM)



Suria B. Mpingo
Adv. Dip. Social Work
Monitoring & Evaluation Manager
(MEM)



Mohamed N. Abdallah
Bsc (Hons), ACCA
Senior Internal Auditor (SIA)



Mohamed F. Mzee
LLB, MIP
Senior Legal Officer
CUM
Secretary of the Board of Trustees



Nassor A. Hassan
Adv. Dipl. Procurement and suppliers
Senior Procurement & Supplies Officer
(SPSO)



Mussa Y. Mussa
Adv. Dipl. In Journalism and Mass Comm.
Senior Marketing & Public Relations
Officer (SMPRO)

REPORT OF THE TRUSTEES ENDED 30TH JUNE 2013

The Trustees are pleased to present this report together with the audited financial statements for the year ended 30th June, 2013, in accordance with Section 36 of the Zanzibar Social Security Fund Act No. 2 of 2005.

FUND'S VISION

To be a leader and model Social Security provider in the region

FUND'S MISSION

Dedicated to be a dynamic provider of social security benefits through the utilization of competent and motivated staff

Principal Activities Of The Zanzibar Social Security Fund

The Fund's principal activities includes:-

- Registration of employers and employees
- Receive all contributions and other monies that are required to be paid into the Fund
- Invest the money contributed in high returns and minimum risk investment opportunities
- Keeps and maintain members records
- Pay pensions, gratuities and other benefits in accordance with the provisions of the Act

Corporate Governance

The Board of Trustees of ZSSF consists of 7 Trustees. All the Trustees are non- executive except the Managing Director. The Board takes overall responsibility for the Funds, including responsibility for indentifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and is in compliance with sound corporate governance principals. The Board is required to meet at least four times a year. The day to day management is undertaken by Managing Director assisted by managers and senior officers known as Management Team. During the year the Board held four (4) ordinary meetings and six (6) extra ordinary meetings.

The Fund is committed to the principles of effective corporate governance. The Trustees also recognize the importance of integrity, transparency and accountability. The Board of Trustees has the following board sub-committees to ensure high standard of corporate governance in fund activities.

Finance and Audit Committee

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

- Compliance with applicable laws and regulations
- The safeguarding of the Fund's assets
- The effectiveness and efficiency of operations
- Business sustainability and
- The reliability of accounting records

The Committee approved by the Board governs activities of the committee. The Audit Committee met five (5) times during the year. The members of the committee are:-

Name	Position
Talib O. Mbwana	Chairman
Ali A. Mzee	Member
Joseph A. Meza	Member

The Head of Legal Unit is the secretary to both Board of Trustees and Committees.

The committee of the Board assessed the internal control systems throughout the financial year ended 30th June 2013 and is of the opinion that it met accepted criteria by received reports from and held discussions with management and auditors. In discharging its duties the Committee reviewed the financial statements published to ensure internal and external quality and acceptability of the accounting policies, practices and financial reporting disclosures. The committee also reviewed the scope of the work of the Fund's internal audit unit and terms of external audit engagement and reports from external auditors on accounting and internal controls.

Investment Committee

Name	Position
Mussa O. Tafurwa	Chairman
Mohamedi P. Bhaloo	Member
Abdul-wakil H. Hafidh	Member

The Head of legal Unit is the secretary to the Committee. The Committee reports to the Board of Trustees and met two (2) times during the year.

During year 2013, the Investment Committee reviewed and made recommendations to the Board on asset management, investments, proposals, performance, policies and strategies.

PERFORMANCE REVIEW FOR THE YEAR

Membership position

As at 30th June, 2013 the number of participating employers were 1091 and 2011/2012 were 1014 respectively. (See exhibit III-A)

	2012/2013	2011/2012
Government employers	76	74
Parastatal employers	20	20
Private employers	<u>995</u>	<u>920</u>
TOTAL	<u>1091</u>	<u>1014</u>

Contribution and Penalties

During financial year 2012/2013 contribution remittances and penalty revenue amounted to TZS 24.8 billion, as compared to TZS 19.8 billion hence an increase of 25 percent. The increase in contribution revenue is attributed to salary increase for member employees and recruitment of new members.

During the year 2012/2013 total benefit payments was TZS 6.5 billion compared to TZS 4.7 billion hence an increase of 36.7%.

The increase in benefit payments was a result of new retirements during the year, deferred pensioners attaining qualifying age for monthly pension and increased withdrawals.

Refund of contribution amounted to TZS 440 million during the year.

Net Surplus from dealing with members increased as at 30.06.2013 to TZS.17.9 billion from TZS 15.0 billion as at 30.06.2012 primarily due to increase in contribution income by 19.3 percent

Other Income

Other Income increased to TZS 90.1 million from TZS 51.1 million. The main source of other income is Tender fees, sale of scrapes, charges from replacement membership cards and facilities rental

Administrative Expenses

Administrative expenses stood at TZS 3.1 billion in 2012/2013 compared to TZS 2.3 billion in 2011/2012 representing an increase of 36.4%, The increase in expenses was due to high administration and investment cost

Investment Portfolio

The investment portfolio of the Fund as at 30.06.2013 was constituted by:

Portfolio	June, 2013 TZS	June, 2012 TZS	June, 2011 TZS
Treasury Bills	5,325,471,402	3,608,959,327	949,771,458
Government Stock	10,230,000,000	10,287,500,000	1,070,000,000
Treasury Bonds	35,267,557,353	31,206,633,871	26,025,462,055
Bank Fixed Deposits	51,210,259,817	38,149,514,520	33,301,826,497
Equity Investments	6,983,686,556	6,054,363,494	6,700,267,142
Call Account	16,281,266	451,413,532	1,440,704,310
ZRB Loan	4,114,212,386	5,055,901,156	3,999,154,892
ZIFA Loan	1,563,825,777	1,800,000,000	-
Syndicated Loan	6,410,840,000	-	-
Investment Property	<u>5,149,681,345</u>	<u>4,628,847,842</u>	<u>4,359,621,819</u>
TOTAL	<u>126,271,815,902</u>	<u>101,243,133,742</u>	<u>77,846,808,173</u>

The overall investment portfolio grew by 25% during the year compared to a growth of 30.05% recorded in the previous year. (See exhibit IV)

Actuarial Valuation Of The Fund

In accordance with International Accounting Standard (IAS 26) and section 12 (e) of the Zanzibar Social Security Fund Act No.2 of 2005, Actuarial Valuation should be undertaken in an interval of every three years. Zanzibar Social Security Fund (ZSSF) commissioned Muhanna & Co. Actuaries and Consultant to carry out the latest (Third) Actuarial Valuation for Zanzibar Social Security Fund and the report was submitted before 30th June, 2013.

Related Party Transactions And Balance

The details of transactions and balances with related parties have been disclosed in Note 33 to the financial statements.

Solvency

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

Employees Of The Fund

Employment Policy

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

Management/Employees Relationship

The relationship between employees and management continued to be good during 2012/2013. There were no unresolved complains received by management from the employees during the year. A health relationship continues to exist between management and employees.

Training facilities

During the year the Fund spent TZS 107 million on staff training in/order to improve employee's technical skills and hence effectiveness. Training programs have been and are continually undertaken to ensure employees are adequately trained at all levels.

Medical Facilities

The Fund continues to pay a monthly medical allowance to its staff as stipulated in the staff regulations of the Fund.

Financial Support

All confirmed employees are eligible for staff loan in line with staff incentive scheme as per staff regulations.

Employees benefit plan

Fund pays contributions to a ZSSF Pension Scheme in respect of its employees on mandatory basis which qualifies to be defined benefits

Gender Parity

The Fund had 79 employees out of which 21 are female and 58 are male for the year 2012/2013 compared to 71 employees out of which 18 were female and 53 were male in 2011/2012

Auditors

TAC Associates were appointed statutory auditors of the Fund for the year ended 30th June, 2013 by Board of Trustees vide a letter Ref. ZSSF 40/Vol.1/AUDIT/112 dated 02nd October 2013.

By order of The Board of Trustees



Chairman

16/2/2014
Date



Managing Director

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

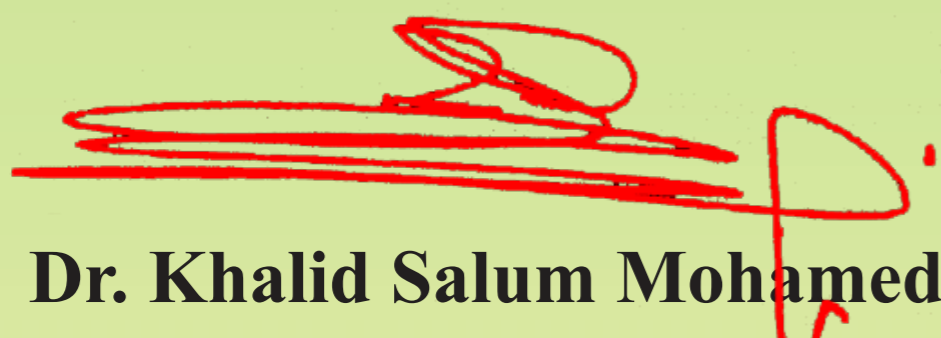
The Trustees are required under Section 36 (3) of Zanzibar Social Security Fund Act No. 4 of 2005, to keep proper books of account and prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Fund as at the end of the financial period and of changes in net assets available for benefits for that period.

The Trustees confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2013. The Trustees also confirm that applicable accounting standards, the International Financial Reporting Standards, have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities. The Trustees are also responsible for the maintenance of an adequate system of internal controls.

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

Nothing has come to the attention of the Trustees to indicate that the Fund will not be able to meet its obligations for at least the next twelve months from the date of this statement


Dr. Khalid Salum Mohamed
Chairman of the Board of Trustees

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

Chairman of Board of Trustees,
Zanzibar Social Security Fund,
P. O. Box 2716,
ZANZIBAR

Introduction

We have audited the accompanying financial statements of Zanzibar Social Security Fund which comprise the statement of net assets available for benefits as at 30th June, 2013, the related statements of changes in net assets and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes set out from pages 9 to 25 of this report.

Trustees' Responsibility for the Financial Statements

The Board of Trustees of Zanzibar Social Security Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Zanzibar Social Security Fund Act No.2 of 2005. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and such other audit procedures we considered necessary in the circumstances. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making the risk assessments, we considered the internal control relevant to the fund's preparation and fair presentation of the financial statements 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 Fund's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the statement of net assets available for benefits of Zanzibar Social Security Fund as at 30th June, 2013, the results of its operations, statement of changes in equity and its statement of cash flows for the year ended in accordance with International Financial Reporting Standards and comply with Zanzibar Social Security Fund Act No. 2 of 2005.

Report on Other Legal and Regulatory Requirements

In view of our responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes we reviewed as part of this audit, we state that the Zanzibar Social Security Fund has generally complied with the Public Procurement Act No. 9 of 2005 and its related Regulations of 2005 except as indicated below:-

- (i) Procurement records to ensure that all information pertaining to the tender proceedings from the opening of the tender to contract signing, regarding alterations on procurements made as required by the provisions of the Public Procurement Act No.9 of 2005 were not preserved.
- (ii) Procurement contracts call for improvement. Most of contracts entered between the Fund and third parties lack default clauses and delivery periods.

TAC ASSOCIATES (Certified Public Accountants)



/S. F. SAYORE – FCCA
MANAGING PARTNER

DAR ES SALAAM

Date: 18 FEB 2014

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 30TH JUNE, 2013

		30.06.2013	30.06.2012
	NOTE	TZS	TZS
ASSETS			
Investment Assets			
Property and Equipment	5	1,730,729,027	1,577,415,125
Intangible Assets- Computer Software	5(b)	54,044,266	84,953,637
WIP (Kariakoo)	6	3,420,075,254	148,385,135
Investment Properties in real estate	7	5,149,681,345	4,628,847,842
Investment Properties -Land	8	4,520,000,000	4,790,000,000
Investment in Equity	9	6,983,686,556	6,054,363,494
Investment in Government Securities	10	50,823,028,755	45,103,093,198
Fixed Deposit Securities	11	51,210,259,817	38,149,514,520
Loan and Advances	12	12,088,878,163	6,855,901,155
Placement in Banks		16,281,266	451,413,532
Inventory	13	13,250,830	9,282,594
Contribution Receivable	14	862,824,017	201,825,378
Other Receivable	15	2,370,237,529	374,397,201
Cash and Bank Balance	16	<u>2,704,452,055</u>	<u>2,527,456,726</u>
		<u>141,947,428,880</u>	<u>110,956,849,537</u>
Liabilities			
Differed Liabilities	17	54,129,255	-
Other Payable	18	172,056,681	190,406,186
Unearned Rent	19	83,973,796	41,889,569
Total Liabilities		310,159,732	232,295,755
NET ASSET		<u>141,637,269,148</u>	<u>110,724,553,782</u>
REPRESENTED BY:			
FUND BALANCE	31	<u>141,637,269,148</u>	<u>110,724,553,782</u>

NOTES ON PAGE 12 TO 25 FORM PART OF THESE FINANCIAL STATEMENTS

AUDITORS REPORT ON PAGE 7-8.


CHAIRMAN

16/2/2014
DATE


TRUSTEE

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE
FOR BENEFITS
FOR THE YEAR ENDED 30TH JUNE, 2013**

		30.06.2013	30.06.2012
CONTRIBUTIONS AND BENEFITS	NOTE	TZS	TZS
Contributions	3	24,828,411,682	19,812,390,913
VSSF Contributions	4	29,982,075	-
Penalty		2,953,226	2,187,602
Refund Contribution		(440,212,167)	-
Benefit Paid to Pensioners	20	(6,500,103,895)	(4,753,847,711)
Net surplus from dealing with members		<u>17,921,030,921</u>	<u>15,060,730,804</u>
RETURN ON INVESTMENT			
Investment Fair value Adjustment	21	2,353,282,962	3,348,733,659
Dividend Income	22	601,972,489	487,386,771
Interest Income	23	13,091,248,188	9,133,109,951
Investment Properties (Rent /Income)		274,789,757	295,738,619
Financial Expenses		(37,544,344)	(28,993,084)
Foreign Expenses gain (loss)		(179,384,711)	-
Investment Expenses		(28,667,423)	(49,118,440)
Net Investment Income Before Taxation		16,075,696,918	13,186,857,476
Sub Total I		<u>33,996,727,839</u>	<u>28,247,588,280</u>
Other Income	24	90,115,215	51,186,395
Administration Expenses	25	(3,174,127,688)	(2,326,944,258)
Sub Total II		<u>(3,084,012,473)</u>	<u>(2,275,757,863)</u>
INCREASE IN NET ASSETS		<u>30,912,715,366</u>	<u>25,971,830,417</u>

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REPORT ON PAGE 7-8


CHAIRMAN

16/2/2014
DATE


TRUSTEE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE, 2013

	30.06.2013	30.06.2012
	TZS	TZS
Cash Flow From Operating Activities		
Cash Payments to Employment and Suppliers	(2,934,322,993)	(1,882,952,298)
Foreign Exchange Gain/(loss)	(175,099,905)	644,264
Receipt from Miscellaneous Income	22,056,983	42,445,852
Net Cash flows From Operating Activities (A)	<u>(3,087,365,915)</u>	<u>(1,839,862,182)</u>
Cash Flow From Investing Activities		
Net Investment From Financial Assets	(16,379,301,796)	(20,426,808,038)
Prepaid for Furniture & Equipment	(108,426,436)	-
Purchase Property, Plant and Equipment	(79,539,313)	(78,444,005)
Proceeds of Disposal	3,600,000	3,549,300
WIP	(3,271,690,119)	(71,766,560)
Redemption of Government Stock	-	1,000,000,000
Interest/Dividend Received	5,527,578,504	5,516,383,451
Rent Received	319,505,410	266,911,923
Net Cash Flows From Investment Activities (B)	<u>(13,988,273,750)</u>	<u>(13,790,173,930)</u>
Subtotal (A+B)	17,075,639,665	15,630,036,112
Cash Flows from Financing Activities		
Contribution and Penalties Received	23,752,738,891	19,812,390,913
Payments to Pensioners	(6,500,103,895)	(4,753,847,711)
Net cash Flows from Financing Activities	<u>17,252,634,996</u>	<u>15,058,543,201</u>
Net Increase/(Decrease) in cash and cash equivalent	176,995,331	(571,492,911)
Cash and Cash Equivalent at Beginning of the Year	<u>2,527,456,724</u>	<u>3,098,949,635</u>
Cash and Cash Equivalent at End of the Year	<u>2,704,452,055</u>	<u>2,527,456,724</u>

NOTES ON PAGE 12 TO 25 FORM PART OF THESE FINANCIAL STATEMENTS,
AUDITORS REPORT ON PAGE 7-8.


CHAIRMAN

16/2/2014
DATE


TRUSTEE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1.0 GENERAL INFORMATION

The Zanzibar Social Security Fund (ZSSF) was established by the Zanzibar Social Security Fund Act No.2 of 1998. The Act repealed the Zanzibar Provident Fund Act No.7 of 1990, and the Pension Act, No.2 of 1990 under section 30, subsection (1) and (2). In 2005 the latter was repealed and Zanzibar Social Security Fund (ZSSF) Act No.2 of 2005 was re-enacted. The Fund was established mainly for meeting social security requirements of employees. It is administered by the Board of Trustees, established under part (v) of the provisions of the Board of Trustees of Zanzibar Social Security Fund Act No.2 of 1998.

Functions

The functions of the Board of Trustees include the management and administration of the Fund in accordance with the Zanzibar Social Security Fund Act No.2 of 1998 and the provision of technical assistance and advisory services for the purpose of promoting social security programmes

The Fund is domiciled in Zanzibar with a branch at Pemba. The registered office of ZSSF is located at Kilimani Area Unguja Plot No.51 along Nyerere Road with postal address P.O.Box 2716 Zanzibar, Tanzania while in Pemba the branch office is at Tibirinzi Area Chake Chake Pemba, Plot No.29 with postal address of P.O. Box 293 Pemba, Tanzania.

Management

The overall management of the Fund is vested in a Board of Trustees, while the day to day management of the Fund is entrusted to the Managing Director.

NOTE 2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of Preparation

The financial statements of Zanzibar Social Security Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

2.2 Property, Plant and Equipment

Valuation

Land and buildings are stated at historical cost or revaluation. Plant and equipment and other noncurrent assets are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items and depreciation charge is applied as appropriate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the 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 income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight line basis. Depreciation is charged using the following rates.

Asset Description	Rate per Annum %
Land	NIL
Buildings	2.0
Motor Vehicles, Motor Cycles and Bicycles	25.0
Furniture and Fittings	12.5
Office Machines and Equipment	20.0
Soft ware	20.0

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

Land

Land is not depreciated.

Leases

Leases that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. All other leases are classified as operating leases.

2.3 Revenue Recognition

Statutory Contributions

Statutory contributions are recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Subsequently, contributions receivable are measured at carrying amounts less impairment losses. Contributions receivable are tested for impairment annually to determine their recoverable values.

An allowance for impairment of contributions receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the contributions.

The amount of the impairment loss is the difference between the carrying amount of the contributions receivable and the present value of estimated future cash flows discounted at a rate reflecting the Fund's sacrifice by not re-investing these funds. Such impairment loss is recognized in the Statement of Changes in Net Assets.

Interest Income

Interest income is recognized on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the interest, and continues accrediting the discounted as interest income.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Government Subsidy

Government subsidy received to finance recurrent expenditure is recognized as income in the period of receipt.

Rent Income

Rent income is measured at the fair value of the consideration received or receivable and represents amounts earned from rental of Fund property in the normal course of business.

2.4 Benefits Payable

Pensions and other benefits payable are taken into account in the period in which they fall due.

2.5 Valuation of Investments

If available, quoted market prices are used to value investments. Where there are no quoted market prices, but it is possible to make a reliable estimate of fair value, investments are carried at estimated fair value, otherwise investments that yield determinable payments and have fixed maturities are carried at amortized cost. Equity investments whose fair value cannot be reliably estimated are carried at historical cost.

2.6 Financial Instruments

ZSSF holds short term investments relating to fixed deposits and treasury bills which are fixed and have determinable payments. These are categorized as held-to-maturity investments and are measured at amortized cost using effective interest rate. Receivables are included in receivables while payables are included in payables in the balance sheet.

2.7 Provision for Impairment of Receivables

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

2.8 Foreign Currency Translation**(a) Functional and Presentation Currency**

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

(b) Transaction and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

2.9 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents comprises of investments in money market instruments with maturity periods of three months or less from date of acquisition.

2.10 Impairment of Assets

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount.

2.11 Provisions

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

2.12 Financial risk management

Financial risk factors

The Fund's activities are exposed to a variety of financial risks. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

(i) Foreign exchange risk

The Fund is not exposed to foreign exchange risks.

(ii) Interest-rate risk

The Fund's interest income and operating cash flows are affected by changes in market interest rates. The Fund mitigates the risks by investing in the highest yield short term investments.

(iii) Credit risk

The Fund does not have significance credit risk associated with its operations. Specific policies are in place to mitigate this risk.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Fund ensures that all excess cash is invested in appropriate high yield investments in accordance with the provisions of the Act.

NOTE: 3 MEMBERS' CONTRIBUTIONS

	Period Contribution	Refund	Net Period Contribution	Net Period Contribution
	30.06.2013	30.06.2013	30.06.2013	30.06.2012
GOVERNMENT:	TZS	TZS	TZS	TZS
-Unguja	10,576,021,742	421,376,214	10,154,645,528	9,119,180,138
- Pemba	3,431,116,093	0	3,431,116,093	3,113,470,372
Sub Total I	14,007,137,835	421,376,214	13,585,761,621	12,232,650,510
Parastatal:				
-Unguja	1,667,669,499	0	1,667,669,499	1,486,814,203
-Pemba	216,005,649	0	216,005,649	190,803,348
Sub Total II	1,883,675,148		1,883,675,148	1,677,617,551
Private:				
-Unguja	8,592,719,117	18,835,954	8,573,883,163	5,709,592,899
-Pemba	344,879,582	0	344,879,582	192,529,953
Sub Total III	8,937,598,699	18,835,954	8,918,762,745	5,902,122,852
TOTAL I+II+III	<u>24,828,411,682</u>	<u>440,212,168</u>	<u>24,388,199,514</u>	<u>19,812,390,913</u>

NOTE: 4 VSS Contributions TZS 29,982,075

Voluntary Social Security Scheme is a scheme established during the year for self employed members of the public up to 30.06.2013 amount contributed was TZS 29,982,075. No benefit was paid to members during the year.

NOTE: 5 MOVEMENTS OF PROPERTY AND EQUIPMENT AS AT 30TH JUNE, 2013

	Land	Buildings	Motor Vehicles, Cycles and Bicycles	Furniture and Fittings	Office Machines and Equipment	TOTAL AS AT 30.06.2013	TOTAL AS AT 30.06.2012
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
GROSS CARRYING AMOUNT							
Balance on 1st July, 2012	270,000,000	1,228,444,818	257,190,743	166,578,469	676,689,624	2,598,903,654	2,448,960,928
Additions	-	-	-	-	79,539,314	79,539,314	147,038,559
Disposal	-	-	-	-	-	-	(267,095,833)
BALANCE AS AT 30TH JUNE, 2013	270,000,000	1,228,444,818	257,190,743	166,578,469	756,228,938	2,678,442,968	2,328,903,654
DEPRECIATION							
As At 1st July, 2012	-	212,480,603	140,769,759	79,255,265	318,982,902	751,488,529	809,407,422
Charge for the Year	-	24,568,896	54,170,966	13,928,046	103,557,504	196,225,412	209,176,940
Disposal	-	-	-	-	-	-	267,095,833
ACCUMULATED DEPRECIATION AS AT 30TH JUNE, 2013	-	237,049,499	194,940,725	93,183,311	442,540,406	947,713,841	751,488,529
NET CARRYING AMOUNT							
As At 30th June, 2013	270,000,000	991,395,319	62,250,018	73,395,158	333,688,532	1,730,729,027	1,577,415,125
As At 30th June, 2012	270,000,000	1,015,964,215	116,420,986	87,323,203	337,706,722	1,577,415,125	-

NOTE: 5(b) INTANGIBLE ASSETS

PARTI-CULARS	Cost Value as at 01.07.2012	Additions for the year	(A) Cost Value as at 30.06.2012	Amortization as at 01.07.2012	AAmortization During the year	Total Amortization as at 30.06.2013	Net Book Value as at 30.06.2013	Net Book Value as at 30.06.2012
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Computer Software								
FMIS and HURIS	154,546,856	-	154,546,856	69,593,218	30,909,372	100,502,590	54,044,266	84,953,637
TOTAL	154,546,856	-	154,546,856	69,593,218	30,909,372	100,502,590	54,044,266	84,953,637

NOTE : 6 CAPITAL WORK IN PROGRESS – TZS 3, 420,075,254

Refer to construction of Uhuru Amusement Park at Kariakoo Zanzibar. The cost already incurred as at 30th June, 2013 was TZS 3,420,075,254

Particulars	Uhuru Amusement Park 30.06.2013	Total 30.06.2012
	TZS	TZS
COST/VALUATION		
Cost/Valuation as at 01.07.2012	148,385,135	148,385,135
Additions	<u>3,271,690,119</u>	-
As at 30.06.2013	<u>3,420,075,254</u>	<u>148,385,135</u>

NOTE: 7 INVESTMENT PROPERTIES - REAL ESTATE

	Pemba	Mbweni	Mwana kwerekwe	TOTAL 30.06.2013	TOTAL 30.06.2012
NET CARRYING AMOUNT	TZS	TZS	TZS	TZS	TZS
As At 01.07. 2012	1,674,087,082	1,020,000,000	1,934,760,760	4,628,847,842	4,628,847,842
Additions	<u>520,833,503</u>	-	-	<u>520,833,503</u>	-
TOTAL	<u>2,194,920,585</u>	<u>1,020,000,000</u>	<u>1,934,760,760</u>	<u>5,149,681,345</u>	<u>4,628,847,842</u>

NOTE: 8 INVESTMENTS IN PROPERTIES - LAND

Description	KILIMANI	PEMBA	MBWENI	KARIAKOO	TUNGUU	MWANA KWEREKWE	TOTAL
NET CARRYING AMOUNT	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
Balance as at 30.06.2013	-	150,000,000	1,080,000,000	2,200,000,000	840,000,000	250,000,000	4,520,000,000
As At 30th June, 2012	270,000,000	150,000,000	1,080,000,000	2,200,000,000	840,000,000	250,000,000	4,790,000,000

NOTE: 9 INVESTMENTS EQUITIES

	30.06.2013	30.06.2012
	TZS	TZS
Investment in TAN-RE	1,660,306,000	1,413,226,000
Investment in Unit Trust of Tanzania	1,617,681,876	1,450,405,766
Tanzania Portland Cement Company	866,670,560	788,474,720
CRDB Bank	200,725,280	887,675,748
National microfinance Bank	2,638,302,840	1,514,581,260
TOTAL	<u>6,983,686,556</u>	<u>6,054,363,494</u>

NOTE: 10 GOVERNMENT SECURITIES

	30.06.2013	30.06.2012
	TZS	TZS
Treasury Bills	5,325,471,402	3,608,959,327
Government Stock	10,230,000,000	10,287,500,000
Treasury Bonds	35,267,557,353	31,206,633,871
TOTAL	<u>50,823,028,755</u>	<u>45,103,093,198</u>

NOTE: 11 FIXED DEPOSIT

Fixed Deposits include deposits in banks with maturity period varying from one year to a maximum of two year at agreed interests.

	30.06.2013	30.06.2012
	TZS	TZS
Peoples Bank of Zanzibar	16,237,543,379	13,354,283,562
National Bank of Commerce	2,625,304,109	8,067,574,794
Kenya Commercial Bank	2,844,383,562	1,633,890,411
Diamond Trust Bank	2,536,324,658	1,123,819,178
CRDB Bank	2,741,610,959	1,727,476,712
EXIM Bank	3,720,624,657	1,611,863,014
Federal Bank of Malaysia	20,504,468,493	10,630,606,849
TOTAL	<u>51,210,259,817</u>	<u>38,149,514,520</u>

NOTE: 12 LOANS AND ADVANCES

Zanzibar Revenue Board (ZRB)	4,114,212,386	5,055,901,155
Zanzibar Institute of Financial and Administration (ZIFA)	1,563,825,777	1,800,000,000
Syndicated Loan	6,410,840,000	-
TOTAL	<u>12,088,878,163</u>	<u>6,855,901,155</u>

NOTE: 13 INVENTORIES – TZS 13,250,830

Stationery and Consumables	13,250,830	9,282,594
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NOTE: 14 CONTRIBUTIONS RECEIVABLES

Government Employees	158,117,359	62,262,892
Private Employees	84,149,298	245,695,050
Parastatal Employees	767,424,340	-
Sub Total	1,009,690,997	307,957,942
Less: Provision for Impairment	(146,866,980)	(106,132,564)
Total	<u>862,824,017</u>	<u>201,825,378</u>

NOTE: 15 OTHER RECEIVABLES

	30.06.2013	30.06.2012
	TZS	TZS
Staff Loans	139,251,798	73,842,741
Rent Receivable	175,107,521	178,795,213
Suppliers	108,426,435	-
Salary Advance	533,333	-
Dividend Receivable	151,352,494	61,704,290
Disposal Receivable	-	3,600,000
Staff Education Loans	124,446,048	56,382,957
Education Loan Board	80,000	72,000
Share Receivable	1,671,039,900	-
TOTAL	<u>2,370,237,529</u>	<u>374,397,201</u>

NOTE: 16 CASH AND CASH EQUIVALENTS

Bank Account 021104000884	1,836,795,772	1,536,764,622
Bank Account 041103000012	349,984,092	328,479,909
Bank Account 021103004742	267,038,533	219,046,314
Bank Account 022103000043	123,207,674	90,332,158
Bank Account 081108000002	12,220,775	299,960,000
Bank Account 033444 FMBE	87,243,809	52,873,723
Bank Account 021103000067	27,961,400	-
TOTAL	<u>2,704,452,055</u>	<u>2,527,456,726</u>

NOTE: 17 DIFFERED TAX LIABILITIES

Refers to balance on installment due as tax assessed by Tanzania Revenue Authority (TRA) - TZS 54,129,255

	30.06.2013	330.06.2012
	TZS	TZS
Deferred Tax Liability	54,129,255	-
TOTAL	<u>54,129,255</u>	-

NOTE: 18 OTHER PAYABLE

Security Expenses	21,972,000	17,616,000
Audit fees	30,000,000	25,000,000
Construction Payable	-	89,347,054
Caution Money	13,620,540	12,510,540
Zanzibar Electricity Corporation	45,932,592	45,932,592
Salary and Bonus Payable	30,096,684	-
Telephone Charges	43,655	-
Training Local	4,560,000	-
Hifadhi Hotel Payable	8,894,800	-
Student Loan Board	357,146	-
ZSSF Payable(Employers Contribution)	2,004,000	-
Skilled development levy	1,006,800	-
Medical Payable	3,167,464	-
Responsibility Payable	3,201,000	-
National Institute of Productivity	7,200,000	-
TOTAL	<u>172,056,681</u>	<u>190,406,186</u>

NOTE: 19 UNEARNED RENT

Un earned rent relate to rent income received in advance from Mwanakwerekwe Shopping Centre, Mbwani ZSSF real estate and Head office

	2012/2013	22011/2012
	TZS	TZS
Unearned rent	<u>83,973,796</u>	41,889,570

NOTE: 20 BENEFITS PAID TO PENSIONERS

Gratuity	4,280,284,076	3,268,275,144
Survivals	595,600,188	635,764,298
Pension	1,587,986,536	849,808,269
Invalidity	36,233,095	-
TOTAL	<u>6,500,103,895</u>	4,753,847,711

NOTE: 21 NET APPRECIATIONS IN FAIR VALUE OF INVESTMENTS

UTT - Jikimu	(10,028,188)	-
Investment in UTT	177,304,298	144,329,391
Investment in TPCC	78,195,840	162,908,000
NMB	1,123,721,580	162,858,200
CRDB Bank	112,549,532	(411,361,932)
Fair Value gain in Land	-	3,290,000,000
Gain on Sale of CRDB – Shares	871,539,900	-
TOTAL	<u>2,353,282,962</u>	<u>3,348,733,659</u>

NOTE: 22 DIVIDEND INCOME

Tanzania Portland Cement Company	60,275,960	58,646,880
National Microfinance Bank	105,206,397	77,357,645
CRDB	82,272,386	61,704,289
Tanzania Re-insurance Company	306,645,697	147,399,472
Unit Trust of Tanzania	47,572,049	142,278,485
TOTAL	<u>601,972,489</u>	<u>487,386,771</u>

NOTE: 23 INTEREST INCOME

	2012/2013	2011/2012
	TZS	TZS
Interest from Treasury Bills	452,537,125	191,502,868
Interest from Government Stock/Loan	1,092,500,000	718,750,000
Interest from Treasury Bonds	4,209,180,032	3,826,467,717
Interest from Fixed Deposits	6,399,855,824	3,086,568,413
Interest from Corporate Loans	6,935,643	7,264,702
Interest on Short Calls	66,761,852	70,016,100
Interest from Corporate Bonds	-	919,801,655
Loss on Sale of UTT	-	(27,473,275)
Withholding Tax Recovered	40,250,000	67,291,986
Interest from Syndicated Loan	140,660,533	-
Interest from SIFA Loan	65,349,398	-
Interest from ZRB Loans	617,217,781	272,919,785
TOTAL	<u>13,091,248,188</u>	<u>9,133,109,951</u>

NOTE: 24 OTHER INCOME

Other Income	22,057,010	39,752,398
Gain on Exchange Rate	68,058,205	1,264,397
Disposal Asset	-	7,149,300
Tender Fee-Kariakoo	-	3,020,300
TOTAL	<u>90,115,215</u>	<u>51,186,395</u>

NOTE: 25 ADMINISTRATIVE EXPENSES

Staff Costs (Note 26)	1,549,117,659	1,060,010,882
Operational Expenses (Note 27)	1,016,952,344	833,691,693
Depreciation Expenses	227,134,784	209,176,940
Repair and Maintenance (Note 28)	46,337,768	43,861,223
Others Expenses (Note 29)	334,585,133	180,203,520
TOTAL	<u>3,174,127,688</u>	<u>2,326,944,258</u>

NOTE: 26 STAFF COSTS

Salaries and Wages	761,411,743	501,753,459
Social Security Costs (Contributions to ZSSF)	75,708,917	49,788,120
Skills Development Levy	35,903,822	23,683,231
Overtime	5,981,946	7,678,213
Medical Allowances	166,240,497	104,235,408
Staff Welfare	189,371,785	98,028,773
Training Expenses	107,002,026	151,034,328
Staff Uniform	14,245,000	15,354,238
Acting Allowances	6,868,000	5,396,979
Transport on Leave	42,175,000	38,677,500
Responsibility Allowances	134,152,239	64,380,633
Bonus	10,056,684	-
TOTAL	<u>1,549,117,659</u>	<u>1,060,010,882</u>

NOTE: 27 OPERATIONAL EXPENSES

	2012/2013 TZS	2011/2012 TZS
Electricity and Water	46,343,177	42,785,433
Cleaning Expenses	51,421,271	42,947,490
Telephone and Postage	68,569,433	59,590,240
Property Insurance	4,146,411	10,995,097
Insurance Premium	-	12,404,087
Travel On Duty	181,016,564	145,129,566
Printing and Stationery	49,738,812	39,813,487
Consultancy Services	131,135,000	19,749,000
Seminar and Conference	35,939,205	84,419,079
Provision For Impairment	40,734,416	28,362,817
Board Fee	95,388,000	140,553,742
ECASSA Fee	18,034,343	9,871,875
ISSA Fee	25,472,387	22,249,496
Incidental Expenses	-	600,000
Withholding Tax	32,322,000	-
Security Cost	45,522,000	46,151,003
Fuel Expenses	55,447,500	44,469,750
Audit Expenses	18,920,000	9,190,000
Audit Fees	30,000,000	25,000,000
Kariakoo Amusement Park Expenses	-	4,076,700
ICT Expenses	76,109,825	45,332,831
Voluntary Scheme Social Service Expenses	10,692,000	-
TOTAL	<u>1,016,952,344</u>	<u>833,691,693</u>

NOTE: 28 REPAIRS AND MAINTENANCE

Repair and Maintenance - Motor Vehicles	22,766,065	8,979,473
Repair and Maintenance – Furniture and Equipment	415,000	16,382,900
Office Maintenance	23,046,700	17,233,950
Electricity Maintenance	110,003	1,264,900
TOTAL	<u>46,337,768</u>	<u>43,861,223</u>

NOTE: 29 OTHER EXPENSES

Entertainment Expenses	4,750,750	6,199,400
Publicity	131,688,538	86,756,592
Funeral Expenses	2,038,252	-
News paper and Periodicals	1,109,600	294,840
Donations	49,433,000	17,350,000
Other Allowances	145,564,993	69,602,688
TOTAL	<u>334,585,133</u>	<u>180,203,520</u>

NOTE: 30 ACTUARIAL VALUATION

In accordance with International Accounting Standard (IAS 26) and section 12 (e) of the Zanzibar Social Security Fund Act No.2 of 2005, Actuarial Valuation should be undertaken in an interval of every three years. Zanzibar Social Security Fund (ZSSF) commissioned Muhanna & Co. Actuaries and Consultant to carry out the latest (Third) Actuarial Valuation for Zanzibar Social Security Fund and the report was submitted before 30th June, 2013.

NOTE: 31 FUND BALANCE

	2012/2013	2011/2012
	TZS	TZS
Balance at the Beginning of the Year	110,724,553,782	84,752,723,359
Increase in Fund Balance for the year	30,912,715,366	25,971,830,423
Balance at the end of the year	141,637,269,148	110,724,553,782

NOTE: 32 OWNERSHIP

Zanzibar social security Fund is owned by its members who contribute to the Fund. It is managed by the Board of Trustee, and the Revolution Government of Zanzibar is the guarantor through Ministry of Finance and Economic Affairs.

NOTE: 33 RELATED PARTY TRANSACTIONS AND BALANCES

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 and operational decisions

Related Party Transactions:- Associates

The outstanding balances for transactions between the Fund and its associates are disclosed below:-

(a) Investment to the Government and its Institutions:-

	30.06.2013	30.06.2012
	TZS	TZS
Treasury Bills	5,325,471,401	3,608,959,327
Government stock	10,230,000,000	10,287,500,000
Treasury Bonds	35,267,557,353	31,206,633,871
Corporate Loans:		
Zanzibar Revenue Board	4,114,212,386	6,855,901,156
Zanzibar Institute of Financial		
Administration	1,563,825,777	-
Syndicated Loan	6,410,840,000	-
TOTAL	<u>62,911,906,917</u>	<u>51,958,994,354</u>

(b) Remuneration of Key Management Personnel

The remuneration of the Trustees and Managing Director, who are the Key management personnel of the Fund, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2012/2013 TZS	2011/2012 TZS
Directors Fees	95,388,000	140,553,742
Staff Education Loan	124,446,047	56,382,957
Staff Loans	139,251,798	73,842,741
TOTAL	<u>359,085,845</u>	<u>270,779,440</u>

NOTE: 34 SOCIAL SECURITY COSTS

The Fund's employees are members of Zanzibar Social Security Fund. The staff contributes 5% of their gross salary while the employer (ZSSF) contributes 10%.

Total contributions during the reporting period were as follows:-

	2012/2013 TZS	2011/2012 TZS
Employees	37,854,459	24,894,060
Employer	75,708,917	49,788,119
TOTAL	<u>113,563,376</u>	<u>74,682,179</u>

NOTE: 35 TAXATION

Section 27(4) of the Zanzibar Social Security Fund Act, 2005, exempts all contributions and other incomes of the Fund from taxation.

NOTE: 36 CAPITAL COMMITMENTS

The Fund had capital commitments during the year ended 30th June, 2013 on construction of New Uhuru Amusement Park.

NOTE: 37 EFFECTS OF CHANGES IN ACCOUNTING POLICY

There were no changes in accounting policy during the year ended 30th June, 2013.

NOTE: 38 EVENTS AFTER THE REPORTING PERIOD

During the year under review there were no events after the reporting period.

NOTE: 39 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end.

NOTE: 40 COMPARATIVE FIGURES

Previous year's figures have been regrouped wherever considered necessary in order to make them comparable with the current year's figures.

GRAPHICAL ANALYSIS

Exhibit I

Performance Highlights

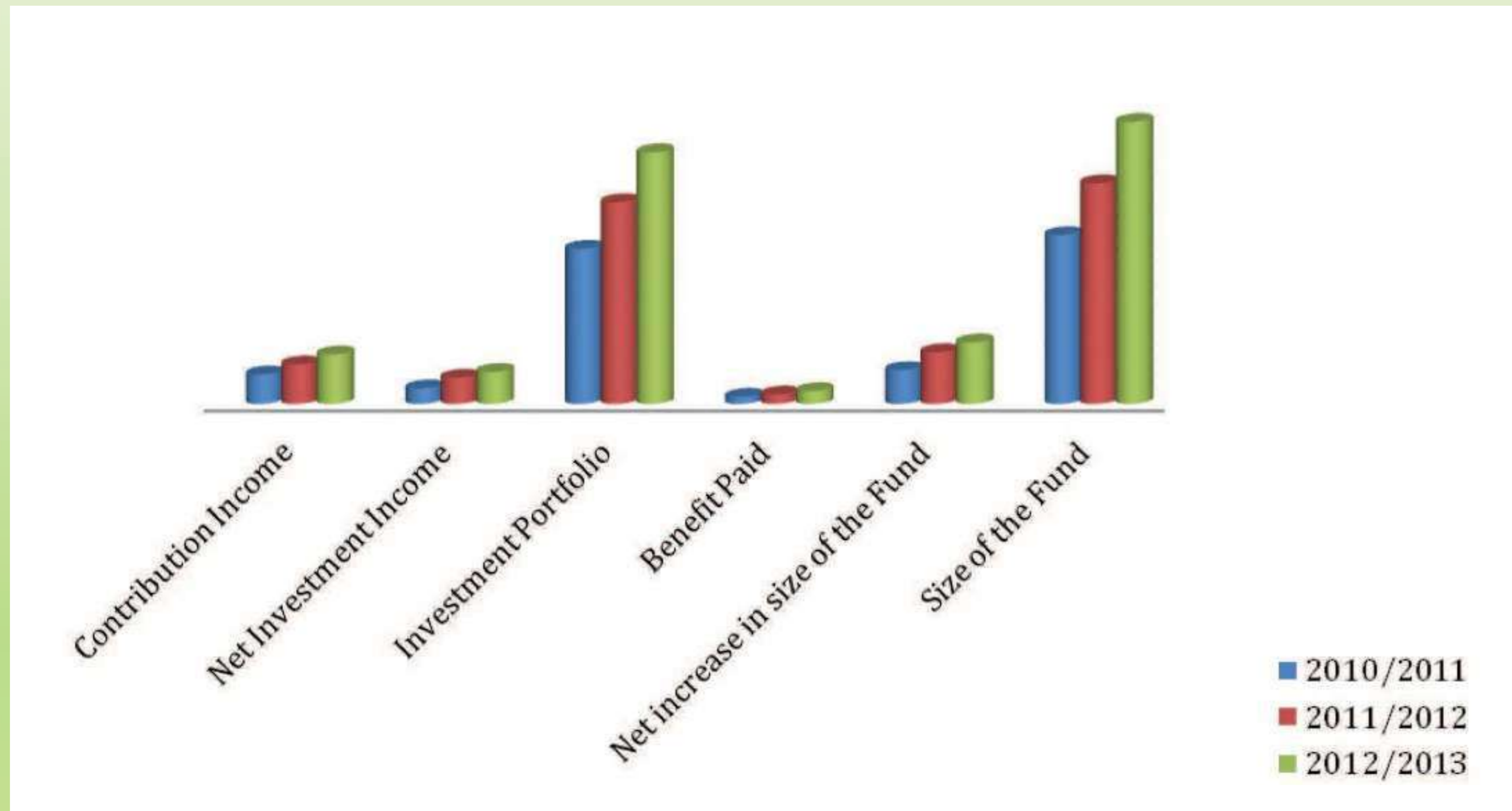


Exhibit II

Benefit Payments

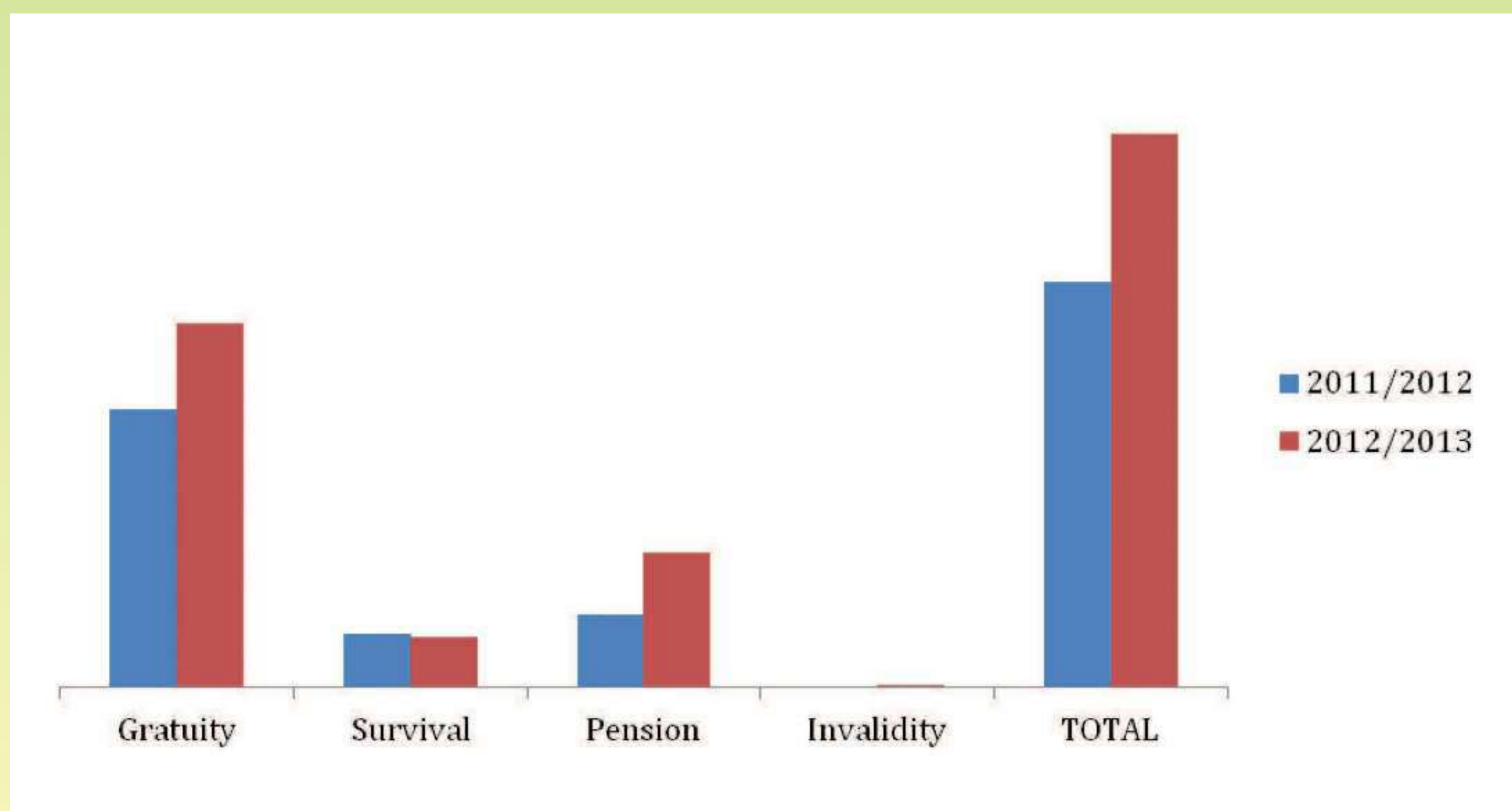


Exhibit III (A)

Employers' positions

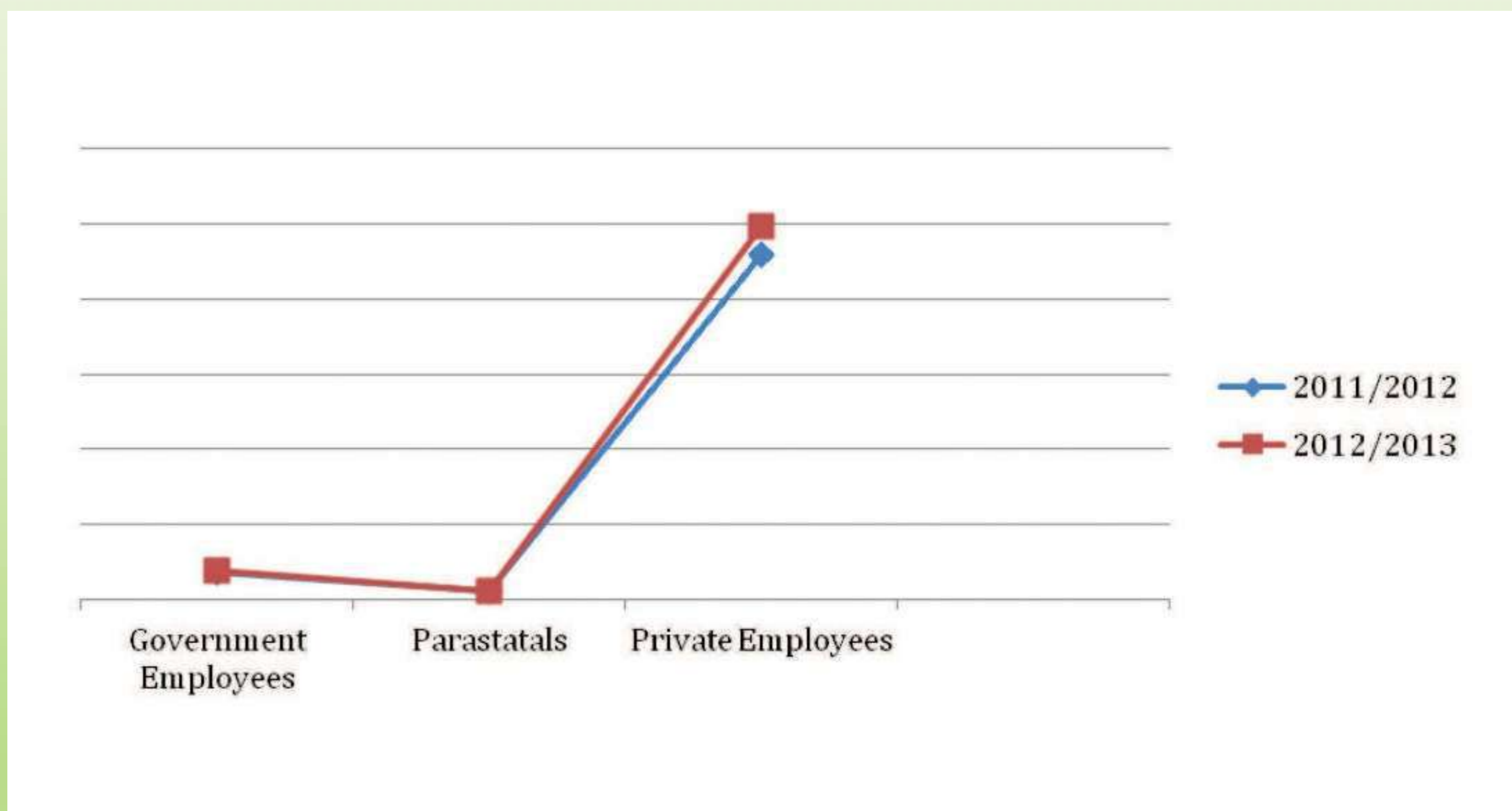


Exhibit III (B)

Members' positions

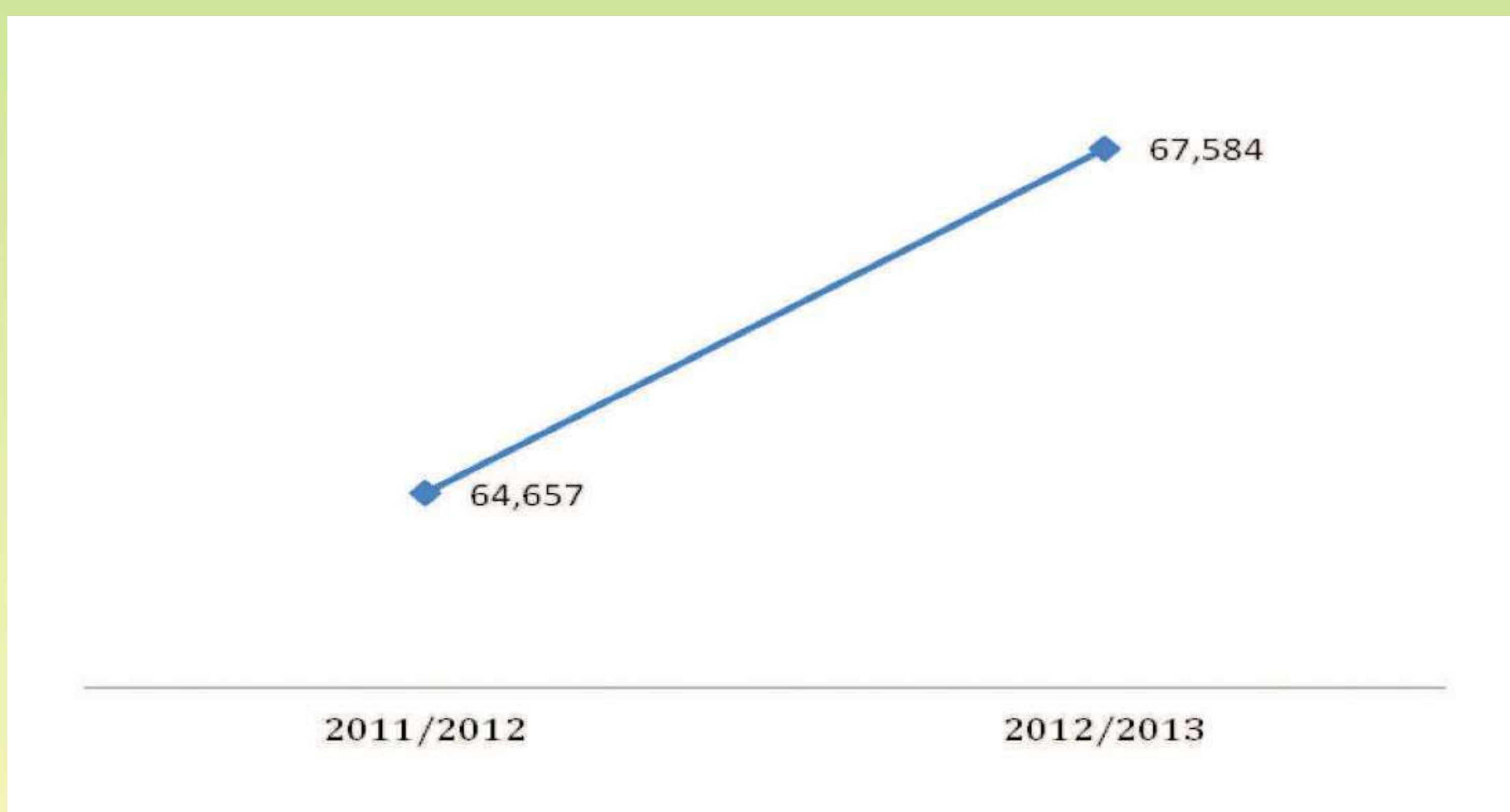


Exhibit IV

Total Investment Portfolio



Exhibit V

*Investment Assets as per investment segmentation
As at 30th June 2013*

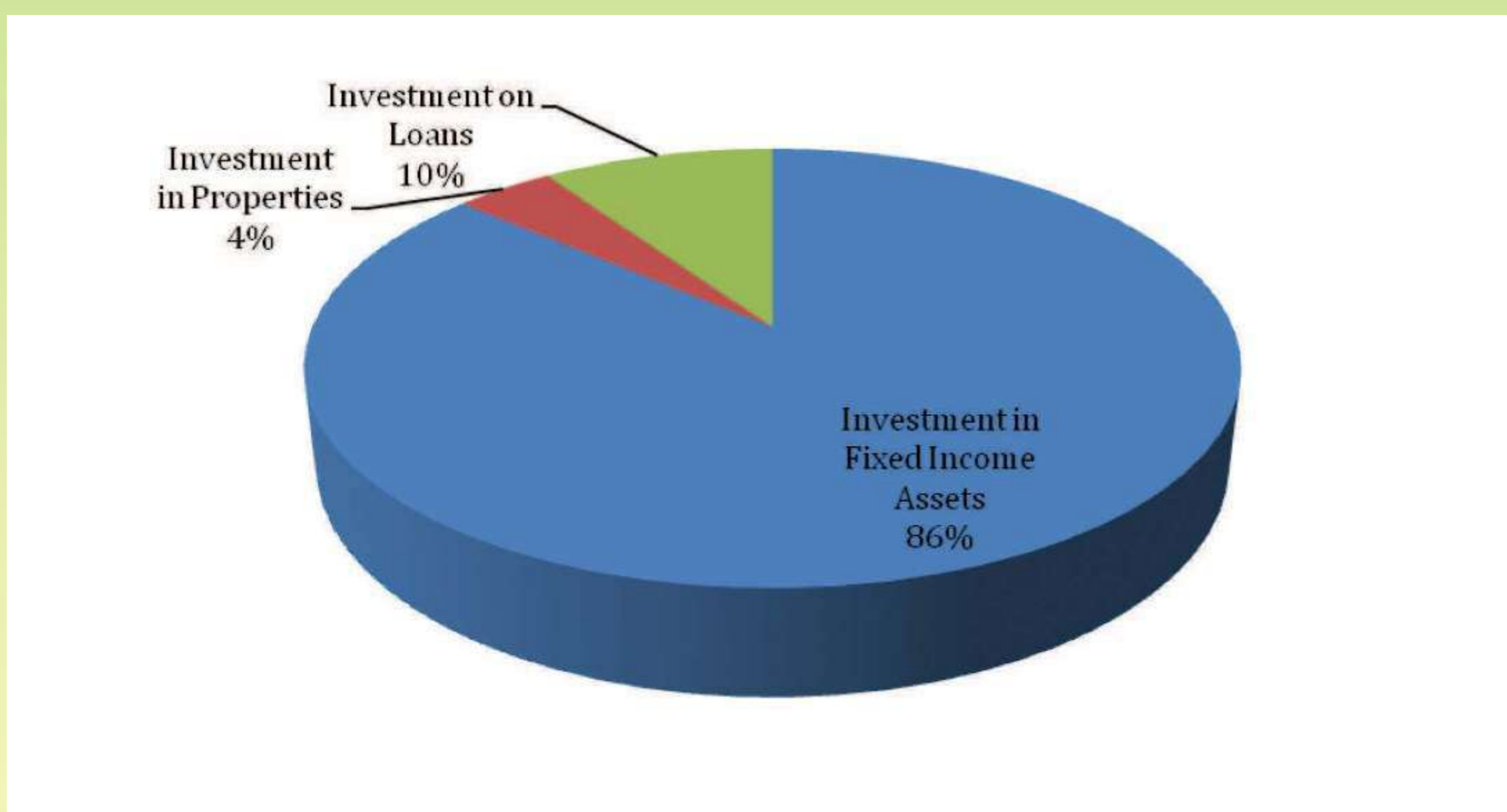


Exhibit VI

Value of the Fund in Billion (TZS)









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