



**ZANZIBAR SOCIAL
SECURITY FUND**



**2021
2022**

ANNUAL REPORT AND FINANCIAL STATEMENTS



**ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

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FUND INFORMATION

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF
BUSINESS:**

Zanzibar Social Security Fund,
ZSSF Building,
Kilimani Manara wa Mbao,
Nyerere Road,
P. O. Box 2716,
Zanzibar.

BANKERS:

Peoples' Bank of Zanzibar (PBZ),
Head Office,
PBZ Building,
Darajani,
P. O. Box 1173,
Zanzibar.

NMB Plc,
Zanzibar Branch,
P. O. Box 4608,
Zanzibar.

NBC Bank Limited,
Zanzibar Branch,
Shaghani Street,
P. O. Box 157,
Zanzibar.

CRDB Bank Limited,
Zanzibar Branch,
Michenzani Street,
P.O.Box 1846,
Zanzibar.

BOA Bank Limited,
Zanzibar Branch,
Mlandege Street,
P.O.Box 835,
Zanzibar.

Equity Bank Limited,
Zanzibar Branch,
Mlandege Street,
P.O.Box 525,
Zanzibar.

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FUND INFORMATION (CONTINUED)

FUND'S SECRETARY:	Zanzibar Social Security Fund, ZSSF Building, Nyerere Road, Kilimani Mnara wa Mbao, P. O. Box 2716, Zanzibar.
PARENT MINISTRY:	President Office, Ministry of Finance and Planning Vuga, P. O. Box 1154, Zanzibar.
ULTIMATE CONTROLLING ENTITY:	The Revolutionary Government of Zanzibar
AUDITOR:	The Controller and Auditor General, Zanzibar Audit Office, Ukaguzi House Maisara, P. O. Box 258, Zanzibar.

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Abbreviations List and Definition of Terms

BOT	Bank of Tanzania
CAG	Controller and Auditor General
Co.	Company
FY	Financial Year
GAAPs	Generally Accepted Accounting Principles
ICT	Information Communication Technology
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
Ltd	Limited
PPDPAA	Public Procurement and Disposal of Public Assets Act, 2016
PPE	Property Plant and Equipment
S/N	Serial Number
TPCC	Tanzania Portland Cement Company
TZS	Tanzania Shillings
VAT	Value Added Tax
VSS	Voluntary Security Scheme
ZSSF	Zanzibar Social Security Fund
BOA	Bank of Africa
TAN-RE	Tanzania Re-insurance
NMB	National Microfinance Bank
ZAFICO	Zanzibar Fisheries Company
DSE	Dar es Salaam Stock Exchange
ZASCO	Zanzibar Seaweed Company
TMRC	Tanzania Mortgage Refinance Company
UTT	Unit Trust of Tanzania

STATEMENT OF CHAIRPERSON OF THE BOARD OF TRUSTEE



Dr. Huda A. Yussuf
Chairperson Board of Trustees

It is with great honor we look back once again to present to our members and other stake holders an annual report and financial statements for the year ended 30th June 2022. It is a pleasure to announce that the financial year ended 30th June 2022 was extremely successful. The year 2021/2022 was indeed a recovery year as the world came out of the Covid-19 pandemic and our Zanzibar economy was in the raise again. The fund continued to be resilient and responsive our members' needs. In response to the economic side effects of the pandemic such as disruption of hospitality industry in Isles leaving many of our members jobless, we have established the unemployment benefit.

For the Fund, 2021/2022 was a year in which we were able to prove our performance promise to our members day after day to serve them best. The fund has moved closer to it's members by opening 2 new regional offices, in Kinduni (North- Unguja) and Kitogani (South-Unguja). We plan to have our offices present in every region of Zanzibar by 2024. We continue to invest in technology to enhance communication with our customers, we have introduced sms alert to our customers and Web portal which simplify contribution remittance through internet from the comfort of their offices and generate the receipts hence long queues in our offices is now history. We have always been at the forefront to keep our members comfortable and enjoy our services. Leveraging the technology, we have smoothed benefit payment process and reduce payment period from more than one month to less than 14 days as implementation of CCM election manifest of 2020 to 2025.

In the year under review the Fund collected TZS 92.9 billion against target of collected TZS 93.1 billion equivalent to performance of 100% compared with TZS 80.9 billion collected in year 2020/2021 which show growth of 14.8%. Benefit paid to our members in the 2021/2022 is TZS 45 billion compared with TZS 38 billion paid in the 2020/2021 equivalent to 5.2% increased. During the period under review the fund paid TZS 3.7 billion to the members who left the country or not qualify for benefit while TZS 4.5 billion paid in the year 2020/2021.

For the year ended 30th June 2022, net investments income was TZS 66.9 billion mainly from interest income from Government stock, Treasury bond, fixed deposit Corporate bond, institutions loan, rent, amusement Park, fair value gain equity and profit from sale of house amount surpass target of TZS 56.1 billion equal to the performance of 102 %

and compared with TZS 39.4 billion obtained in last year 2020/2021. The Fund return on investment (ROI) reached 9.6% compared with 7% in the year 2020/2021. The net assets of the Fund reached TZS 708.4 billion from 603.8 billion at the end of year 2020/2021 equivalent to 16.25% growth. It is our expectation that this momentum will be upheld.

The Fund demonstrated an impressive ability to adapt and proactively responded to the frequent changes around us. The Fund performed very well in the financial year and seized opportunities that arose amidst the demanding environment. Fund has proven its worth under these particular circumstances and also managed to demonstrate the essential role it plays for society — for example donation of construction of medical center for the people of Makangale North Pemba.

Finally, I would like to sincerely thank on behalf of the entire Board of Trustee, (PO) Ministry of Finance and Planning for their continued trust and support, Management and staff of Fund for continued dedication to deliver the best. Lastly but not the least we extend our appreciation to all our members.



Dr. Huda Ahmed Yussuf

Chairperson Board of Trustees

MEMBERS OF BOARD OF TRUSTEE



Dr. Huda A. Yussuf
Chairperson Board of Trustees



Mr. Nassor S. Ameir



Mr. Arafat A. Haji



Mr. Jaha H. Khamis



Mrs. Sabra O. Hussein



Mr. Assa S. Khalid



Mrs. Khadija S. Mzee



Mr. Khamis J. Khmais



Mr. Said A. Basleyum

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MANAGING DIRECTOR'S REVIEW



**Mr. Nassor Sh. Ameir
Managing Director**

It was my first year in office since I was appointed as Managing Director of Zanzibar Social Security Fund by the President of Zanzibar and Chairman of Revolutionary Council to lead this institution. Over the last 12 months, I have had the opportunity to really get to know the Fund by listen our members, seeing our operation, both here in the Unguja and Pemba. I have been impressed by what I have seen and I believe we are well positioned to increases contribution and drive investments revenue and accelerate growth of our Fund.

The over view covered the following operation areas of the Fund: -

Member registration

During Financial year ended 30 June 2022 the fund registered new employee members 6468 and make number of participating employees be 112,009 while financial year ended 30 June 2021 there were 106,982 employees.

Contributions

In the year 2021/2022 the Fund performed well in collection of contribution by collect TZS 92.9 billion against target of collected TZS 93.1billion the amount surpasses previous year collection of TZS 80.9 billion as14.8% growth.

Benefits

Benefit paid to our members under the period under review is TZS 42.3 billion compared with TZS 38 billion previous year equivalent to 5.2% increase. Benefit include old age benefit monthly pension, invalidity benefit, survivor benefit and maternity benefit.

Investment of the Fund.

Investments of fund rise to TZS 687.6 billion in the year ended 30th June 2022 from 574.8 billion from previous year ended 30th June 2021 mainly due new investments in Government securities and fixed deposit in various commercial banks.

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Investment income

The Fund recorded an investments income of TZS 66.9.7 billion against a budget of collect TZS 56.1 billion, this impressive performance, which is 125% above budget, mainly contributed from money market business, real estates, institutions loan and profit from sales of house, this is far compared with collection of TZS 39.4 billion in previous signify 70% growth. Also, under period review Fund return on investment (ROI) rise to 9% from 8% in previous year.

Innovation,

We have advanced more on our digital platforms for creating best experience for our members by establish SMS alert for giving them personalized services, also the Fund guarantee its members by adopted contemporary an electronic document management system (eDMS). This system guarantees members that their documents and files are managed in efficiency manner.

Financial performance

The net asset of Fund available for benefits reached TZS 708.4 billion in the year ended 30th June 2022 from 603.8 billion previous year equal to 17.4% growth. The growth of net asset available for benefit shows the growth of Fund.

Challenge

During the period the Fund faced challenge of employer paid contribution without using customer Web portal which established to smooth contribution remittance and enable to keep members record easily.

Conclusion

Finally, I wish to thank the staff of the fund without whom we would not have been able to achieve these strides. I also wish to commend the invaluable support I have received from the senior management in the various roles across the breadth of the Fund. I want to express my profound gratitude to the Board of Trustees for the stewardship, support, and challenge they have given us to push forward the business. Finally, I wish to thank the (P.O) Ministry of Finance and Planning, our members and general public for their continued support. **“ZSSF Key To The Future”**

Thank you so much,



**Mr. Nassor Shaāban Ameir
Managing Director**

MANAGEMENT TEAM



Mr. Nassor Sh. Ameir
Managing Director

HEAD OF DEPARTMENT



Mr. Hamad S. Hamad
CPA (T), MBA (Finance)
Finance & Accounting
Manager



Mr. Saleh D. Makame
MBA. Corporate Management
Human Resource &
AdminisManager



Mr. Khamis F. Thani
Msc. Social Protection &
Customer Service Manager



Mr. Haji A. Ameir
Msc. Information Technology
Information & Communication
ICT Manager



Mr. Rashid M. Abdalla
Msc. – Development, Plan-
ning & Policy.
Pemba Branch Manager



Mr. Abdulaziz I. Iddi
MBA – Human Resource
Planning Investment &
Research Manager

HEAD OF UNITS



Mr. Said O. Said
Msc. Finance & Accounting
Chief Accountant



Mr. Jumaane J. Salamba
Msc. A&F, CPA (T)
Principal Internal Auditor



Mr. Mussa Y. Mussa
MA. Mass Comm.
Principal Marketing & Public
Relation Officer



Mr. Iddi J. Shaaban
Master ni Financial
Planning Principal Risk
Management Officer



Mr. Khamis A. Khamis
LLM. Intellectual Property
Principal Legal Officer



Mr. Nassor A. Hassan
Master in Procurement
& Supplies
Principal Procurement
& Supplies Officer



Pictorial of Dk. Hussein Mwinyi City situted at Mombasa



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TRUSTEE'S REPORT

1.0 INTRODUCTION

The Trustees presents this report together with the audited financial statements of Zanzibar Social Security Fund ('ZSSF' or the 'Fund') for the year ended 30th June 2022, in accordance with Section 36 of the Zanzibar Social Security Fund Act No. 2 of 2005.

2.0 ESTABLISHMENT

Zanzibar Social Security Fund (ZSSF) was established under the Zanzibar Social Security Act No 2 of 1998. The statute was re-enacted in the year 2005 as Act No 2 of 2005. Prior to the inception of ZSSF; public service employees in Zanzibar were covered under the Pensions Act, No 2 of 1990.

3.0 FUND'S VISION AND MISSION

Vision statement

To be a leader and a model among Social Security Service providers in the Region.

Mission statement

ZSSF is dedicated to be a dynamic provider of Social Security benefits through the utilization of competent and motivated staff.

4.0 PRINCIPAL ACTIVITIES OF THE ZANZIBAR SOCIAL SECURITY FUND

The principal activities of the Fund as stipulated in Section 5 of the Zanzibar Social Securities Fund Act, 2005 ('the Act') are outlined herein below:

- (a) To receive all the contributions and other moneys which are required to be paid into the Fund;
- (b) To keep and maintain register of all members and employers contributing to the Fund and any other register that the Board of Trustees may advise;
- (c) To establish and maintain record for each member in respect of all payments made by way of contribution;
- (d) To invest the moneys collected in any viable ventures as the Board of Trustees may consider appropriate;
- (e) To open and operate its own bank accounts on conditions set by the Board of Trustees;
- (f) To pay benefits to members or their dependents in accordance with the provisions of the Act;

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- (a) To manage and administer the contributions in accordance with the provision of the Act;
- (b) To obtain the services of any person or institutions private or public, to perform any specific act or function;
- (c) To engage in any activity whether alone or together with other organizations in Tanzania or elsewhere, to promote proper, efficient and effective social security administration.
- (d) To do all such acts and things and to enter into all such transactions as in the opinion of the Board of Trustees may be necessary for the proper and efficient administration of the Fund.

There has been no significant change in the principal activities of ZSSF during the financial year ended 30th June 2022.

Benefits Coverage

According to Section 26 of the Zanzibar Social Security Fund Act No. 2 of 2005, the benefits coverage includes old age benefit comprising of pension and gratuity, survivors' benefits for dependents, maternity benefits, invalidity benefits, medical care benefits and any other benefits that the Board may approve.

Funding Policy

The Fund's funding policy provides for monthly contributions calculated using determined rates that are expressed as percentages of basic salary, which are used to accumulate assets to pay pensions and other benefits when due.

Investment Policy and Strategy

The investment policy of the Fund duly approved by the Board of Trustees has set limits on the following permissible areas of investments.

Investment Category	Total investments as at 30 June 2022 TZS	% 2022	Total investments as at 30 June 2021 TZS	% 2021
Mapinduzi memorial museum Items	501,558,801	0%	501,558,801	0%
Mapinduzi revolving restaurant	517,566,096	0%	517,566,096	0%
Mkoani Hotel investment	53,091,935	0%	150,000,000	0%
WIP	0	0%	0	0%

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Real estate	69,832,000,000	12%	75,086,365,390.21	14%
Recreation and amusement park	34,118,000,000	5%	36,603,636,015.97	7%
Property- land	66,956,123,057	10%	53,140,689,177.76	10%
Equity	57,093,399,123	8%	31,056,385,961.82	6%
Government Security	292,129,131,853	42%	268,369,886,006.36	48%
Fixed deposit	134,515,416,465	19%	81,551,120,396.98	15%
Loan	8,428,952,380	1%	8,882,689,160.35	2%
House sales loan	26,845,064,982	4%	27,595,461,709.20	5%
	691,468,812,460	100%	583,455,358,716	100%

The ZSSF investment strategy focus on the need to maintain adequate liquidity, maximize returns with minimal risk through diversification and ensuring absolute security of the Fund's resources.

5.0 MEMBERS OF ZANZIBAR SOCIAL SECURITY FUND

During the year, membership to the Fund was governed by Section 2 of the Zanzibar Social Security Fund Act No. 2 of 2005, where by a member is any person who (a) has accumulated right to a benefit under this Act, or (b) from whose earnings contributions have to be deducted for payment to the Fund;

ZSSF receives contributions in the ratio of 13%:7%, from the employers and employees, respectively.

6.0 CORE VALUES

The core values of the Fund are: -

1. Responsibility and Accountability
2. Efficiency and Competency;
3. Team Work;
4. Integrity and Innovativeness;
5. Respect and Fairness;
6. Equal opportunity for all;
7. Morality and Motivated staff;
8. Excellence;
9. Noble Customer Service; and
10. Transparency.

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7.0 GOALS

The Fund will address, through implementation of the Strategic Plan for 2016/17 - 2020/21, the following strategic issues: -

- Sustain a financially sound social security scheme;
- Build and maintain strong service delivery that is customer-focused;
- Facilitate access to competitive, reliable benefits to our members;
- Attract, retain and develop a highly competent staff; and,
- Improve and develop enterprise risk management process

8.0 MAIN OBJECTIVES OF THE FUND

The Fund's main objectives for the five-year period of 2016/2017 to 2020/2021 are as follows:

- Manage an actuarially sound social security scheme that maintains reserve ratio of at least five (5) years.
- Develop and maintain a sound, professional and systematic risk management and capital allocation system.
- Increase membership base from the current average of six percent (6%) to eight percent (8%) annually.
- Increase compliance rate from current eighty percent (80%) to ninety five percent (95%) by end of the plan
- Increase an average return on investment from twelve percent (12%) to fifteen percent (15%) by 2021
- Continuously improve quality of work and customer service levels to our members and employers from eighty percent (80%) to hundred percent (100%).
- Regularly develop and maintain on-going stakeholders' information and education to support the mission of the Fund and provide excellence in response.
- Research and communicate the merits of varied solutions that contribute to the long- term sustainability of access and adequacy of the Fund's benefits to our members.
- Increase number of benefits from four (4) to five (5) by 2021.

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- Develop and maintain a desirable working environment
- Develop an effective recruitment/retention strategy and a competitive total rewards package.
- Maintain a strong relationship with local and international stakeholders
- Implement corporate governance by Conformance with definition of Social Security that meets international requirements
- Protect and create value for the Fund and Stakeholders

9.0 THE FUND'S STRATEGIES FOR THE STATED OBJECTIVES

To achieve these objectives the Fund's strategy is as follows: -

- Monitor Fund status
- Foster and maintain an effective working relationship with stakeholders on Fund sustainability issues.
- Establish the Fund's asset allocation to meet the risk adjusted portfolio between 14% to 16%
- Diversify investment portfolio
- Ensure investment decisions are properly executed and tracked by maintaining an effective Investment and Risk Management Committee
- Sale/Lease Aggressively ZSSF investments properties.
- Increase voluntary scheme enrolment by 3000 equivalents to 10% annually.
- Enforcement of ZSSF Act. No. 2/2005.
- Increase investment income in collaboration with public and private institution.
- Collect investment income from different avenues
- Minimize investment operating cost
- Explore, review and consider relevant industry benchmarks that encourage service excellence.
- Carry out ZSSF Core and Support functions in the Improved Technological Environment

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- Continue to improve inquiry responsiveness to help members get information and make better financial and retirement decisions.
- Enhance Social Security Service Provisional Environment
- Communicate and promote the Fund sustainability study.
- Implement any legislative changes related to the Fund's operations.
- Provide value added benefit.
- Introduce new products
- Promote a strong workplace culture that demonstrates Fund's core values and emphasizes Fund's mission.
- Provide conducive working environment
- Implement efficient end user support mechanism
- Forecast Human Resources requirements
- Provide employee training and development opportunities.
- Attend bilateral and multilateral discussions with different institutions
- Implement corporate governance by Conformance with definition of Social Security that meet international requirements.
- Enhance ZSSF ICT Administrative Functions
- Improve institutional and managerial performance
- Strengthen internal control, risk management and governance process
- Strength Enterprise Risk Management.

10.0 MANAGEMENT OF THE FUND

The Fund is under the supervision of the Board of Trustees and the day to day management is entrusted to the Managing Director.

During the period, the Board comprised of seven (7) non-executive Trustees and one (1) executive director. The tenure of the Board of Trustees is three years. The Chairman is appointed by President of Revolutionary Government of Zanzibar. All other Trustees are appointed by Minister responsible for Finance. Vice-Chairman is appointed by the Board amongst the Trustees. The composition of the Board is tripartite with representatives from the government, contributing employers and their employees. The Board reports to the Minister responsible for Finance who may issue directives, as may be deemed appropriate from time to time.

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The organization structure of the Fund comprises the following Departments, Units and Branch:

Departments:

- Customer Service Department;
- Investment and Planning Department;
- Finance and Accounting Department;
- Human Resources Department; and
- Information and Communication Technology Department.

Units:

- Legal Unit;
- Internal Audit; and
- Public Relations Unit
- Procurement Management Unit

Branches:

- Pemba Branch

11.0 OPERATING AND FINANCIAL REVIEW

Membership position

As at 30 June 2022 the number of participating employees was 112,009 while as at 30 June 2021 there were 106,982 employees.

	<u>30 June 2022</u>	<u>30 June 2021</u>
Government employees	42,794	43,536
Parastatal employees	3,474	3,378
Private employees	65,741	60,068
	<u>112,009</u>	<u>106,982</u>

Below is the table showing the movement of members during the period:

Active members at 1 July 2021	106,982
New members registered during the year	6,468
Members paid and exited during the period	<u>1,441</u>
Active Members at 30 June 2022	<u>112,009</u>
% net change	<u><u>4.7%</u></u>

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ANALYSIS OF STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Additions and deductions from dealing with Members

As reflected in the statement of changes in net assets available for benefits, contributions during the period amounted to TZS 93 billion (2021: TZS 81 billion) representing annualized increase of 14.8% (2021: 6.18% increase). The increase is due to increase in contributing members from 106,982 members as at 30 June 2021 to 112,009 members as at 30 June 2022 and new recruitment of new members from the private sector.

Benefits expenses amounted to TZS 45.05 billion in 2022 which is equivalent to 18% increases (2021: TZS 38.05 billion). The increase in benefit payments is attributed to increase in basic salaries of beneficiaries especially from Government sector. Around 47% of benefits expenditure relates to gratuity and 43% monthly pension of which pensions increased by TZS 3.90 billion while gratuity increased by TZS 3 billion.

Benefit	At 30 June 2022		At 30 June 2021		Change
	Amount	%	Amount	Percent	Percent
	TZS		TZS		
Gratuity	21,351,209,862.50	47%	18,352,906,141.12	48%	16%
Survivor	3,458,285,151.98	8%	3,404,594,874.33	9%	2%
Pension	19,401,833,365.83	43%	15,499,409,796.94	41%	25%
Invalidity	548,039,662.80	1%	553,180,387.16	1%	-1%
Maternity	288,952,059.00	1%	235,384,817.00	1%	23%
	45,048,320,102.11	100%	38,045,476,016.55	100%	18%

The ratio of benefits to contributions:

Period ended	Contributions	Benefits	Net addition	Benefits / Contributions
	TZS billion	TZS billion	TZS billion	%
30 June 2022	93	45	48	48%
30 June 2021	81	38	43	47%

In view of the above, the net addition from dealings with members, which is calculated as contributions less benefits, increase from TZS 43 billion in 2021 to TZS 48 billion in 2022, which is equivalent to 11.6% increase in percentage. Benefits to contributions ratio increased from 47% to 48 in 2022 signifying decrease in cash flow to the Fund due to increase in claims.

Investment income

The Fund's income from investments during the period amounted to TZS 48.0 billion (2021: TZS 36.8 billion) which represents increase of 30.4%. The increase is generally due to the income from

treasury bond, dividend and rent income. The main source of investment income to the Fund is interest income (treasury bonds) contributing 63% of income.

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	At 30 June 2022	% of total	At 30 June 2021	Percent of total	%Change
DIVIDEND	TZS		TZS		
Listed Companies	1,837,852,967	94.89%	1,155,742,815	77.88%	17.01%
Un Listed Companies	508,665,338	5.11%	328,207,007	22.12%	-17.01%
	2,346,518,305	100.00%	1,483,949,822	100.00%	100%
INTEREST INCOME					
Interest from short call	54,749,956	0%	205,883,497	1%	-1
Interest from Govt stock/loan	3,004,380,049	7%	2,336,544,996.04	7%	0%
Interest from treasury bond	30,221,806,781	71%	21,938,164,437	66%	5%
Interest from fixed deposit	7,520,136,519	18%	6,940,306,492	21%	8%
Interest from People's Bank of Zanzibar Bond	1,270,425,098	3%	1,822,492,818	5%	-2%
Interest from TMRC Bond	58,957,557	0%	53,061,739	0%	0%
Interest from other institution loan	481,983,859	1%	194,077,983	1%	0%
Withholding tax	-25,073,509	0%	-11,357,600	0%	0%
	42,612,439,819	100%	33,479,174,361	100%	100%
RENT INCOME					
Mapinduzi tower	68,710,228	2.8%	7,854,000	0.58%	2.22%
ZSSF Conference Centre	103,342,950	4.22%	103,500,000	7.69%	-3.47%
Mwanakwerekwe	225,396,176	9.20%	236,899,047	17.60%	-8.40%
Kilimani head office	0	0.00%	0	0.00%	0%
Chawal	398,902,250	16.27%	416,595,000	30.95%	-14.68%
Mbweni	30,327,284	1.24%	85,582,187	6.36%	-5.12%
Hifadhi building	32,000,000	1.31%	12,600,000	0.94%	0.37%
Michenzani mall	1,412,518,596	57.63%	420,846,811	31.27%	26.36%
Thabit Kombo	179,919,567	7.34%	62,094,682	4.61%	2.73%
	2,451,117,051	100.00%	1,345,971,728	100.00%	100%
AMUSMENT PARK					
Kariakoo	720,961,101	92.73%	411,654,567	85.06%	7.5%
Tibirinzi	56,499,516	7.27%	72,322,881	14.94%	-7.5%
	777,460,617	100.00%	483,977,448	100.00%	0%
Total Investment Income	47,981,035,793	100%	36,793,073,359	100%	100%

Fair Value Changes

During the period the Fund recorded in aggregate a fair value gain of TZS 19.3 billion (2021: gain of TZS 3.2 billion). This increase was due to additional investment in equity in 2021/2022 and unrecognized gain for some shares during the year 2020/2021.

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

BOARD OF TRUSTEES' REPORT (CONTINUED)

NET APPRECIATION OF FAIR VALUE	2021-2022	2020-2021
	TZS	TZS
Net Fair value	19,268,319,703	3,247,737,132
	19,268,319,703	3,247,737,132

Investment properties have not been recognized gain or loss over past years due to failure to exercise the valuation process. Furthermore, Government securities have experienced significant decline due to the maturity of some loans, hence no additional interest was charged for matured loans.

For equity investments, some of the companies listed in the Dar es Salaam Stock Exchange such as NMB Bank Plc, DSE and CRDB Bank Plc and unlisted equity investments Tanzania Reinsurance Company, UTT Umoja, UTT bond fund and UTT liquid fund experienced increase in share prices which resulting total fair value gains of TZS 12.5 billion which was recorded for the period ended 30 June 2021 (2021: gain of TZS 3.2 billion).

Other income

Other income amounted to TZS 100 million in 2022 (2021: TZS 68 million) which includes ZSSF identity card replacement, sales of tender document and staff loan forms.

Deductions from net assets

During the period, total operating expenses for the Fund amounted to TZS 7.24 billion (2021: TZS 8.46 billion)

Analysis of Expenditure for the Fund

	30 June 2022	% of total	30 June 2021	% of total	% change
	TZS		TZS		
Staff cost	3,946,177,345	54.49%	4,114,034,249	48.64%	-4.08%
Operation expense	1,722,763,981	23.79%	2,333,950,122	27.59%	-26.19%
Depreciation	519,320,293	7.17%	663,590,676	7.84%	-21.74%
Repair and Maintenance	182,336,760	2.52%	214,883,214	2.54%	-15.15%
Other expenses	870,935,620	12.03%	1,132,457,140	13.39%	-23.09%
Total	7,241,533,999	100%	8,458,915,401	100%	-14.39%

Results for the period

The Fund's increase in net assets for the period stood at TZS 104.4 billion (2021: TZS 69.6 billion) representing increases of 50% from last year. This is due to increase in investment and contribution during the year that resulted in increases of return from investment.

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022

ANALYSIS OF STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

Total Assets

Total assets for the Fund amounted to TZS 715 billion (2021: TZS 610 billion) representing a 17% increase compared to 14% increases previous year. The increase is due to new investment in Equity and Investment in Government Security.

Description	At 30 June 2022		At 30 June 2021	
	TZS	% of total	TZS	% of total
		assets		assets
Investments	691,468,812,461	97%	583,455,358,715	96%
Other assets	24,013,690,408	3%	26,660,889,791	4%
Total	715,482,502,869	100%	610,116,248,506	100%

Investments

Investment transactions during the period were undertaken in accordance with the Zanzibar Social Security Fund Act No. 2 of 2005 and the Fund's Investment Policy.

Investments of the Fund comprise of government securities, corporate bonds, fixed deposits, shares, investment properties and investment in equity. As at 30 June 2022, Fund investment portfolio increased to TZS 691 billion (2021: TZS 583 billion). The increase is attributed to additional investments made during the period due to increase in contributions and investments income.

The distribution of the investment portfolio of the Fund is as summarized in the table below:

	Total investments at	2022	Total investments at	2021
	30 June 2022		30 June 2021	
	(TZS).		(TZS).	
Investment Assets				
Mkoani Hotel Investment	53,091,935	0.01%	150,000,000	0.09%
Mapinduzi Memorial Museum Items	501,558,801	0.07%	501,558,801	0.09%
Mapinduzi Revolving Resta	517,566,096	0.07%	517,566,096	0.03%
Work In Progress (WIP)	0	0.00%	0	0%
Investment Property- Real estate	70,310,507,769	10%	75,086,365,390	13%
Investment Property- Recreation and Amusement Park	34,118,000,000	5%	36,603,636,016	6%
Investment Property- land	66,956,123,057	10%	53,140,689,178	9%
Investment in Equity	57,093,399,123	8%	31,056,385,962	5%
Investment in Government Security	292,129,131,853	42%	268,369,886,006	46%
Fixed Deposit	134,515,416,465	19%	81,551,120,397	14%
Loan	8,428,952,379	1%	8,882,689,160	2%
House sales loan	26,845,064,982	4%	27,595,461,709	5%
Total investments Assets	691,468,812,461	100%	583,455,358,715	100%

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

11.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

ANALYSIS OF THE STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED)

Financial Performance Indicators

Performance indicator/ratio	Definition and formula	Purpose	Jun-22	Jun-21
Investment ratios	(Total investments/Total assets) x 100	Showing impact of total investments to total assets	96.64%	91.12%
Income ratios	Return on Investments (ROI) = (Investments income/ Total investments) x 100	Showing impact of investment income from investments	9.66%	7.0%
	Return on Total Assets (ROA) = (Investments income/Total assets) x 100	Showing impact of investment income to total assets	9.33%	6.41%
	Return on Net Assets (RONA) = (Investments income/net assets) x 100	Showing impact of investment income to net assets	9.43%	6.45%
Liquidity ratio	Current assets/ Current liabilities	Showing the liquidity of the Fund	2.80:1	3.70:1
Benefits ratios	(Benefits / contributions) x 100	Showing impact of benefits paid out of contribution income	48.45%	46.78%
	(Benefits / Investment income) x 100	Showing impact of benefits paid to total investment income	67%	54.6%
	(Benefits/Total expenditure) x 100	Showing impact of benefits paid to total expenditure	62.2%	454.58%
	(Benefits/Total Income) x 100	Showing impact of benefits paid to Total income (Contribution + Investment)	40%	49%
Expenditure Ratios	(Administrative expenses / contributions) x 100	Showing impact of administrative expenses to total contributions	8%	10%
		Excluding depreciation, amortization, impairment	7 %	10 %
	(Administrative expenses / total income) x 100	Showing impact of administrative expenses to total income	11%	21%
Funding level Ratio	Net assets /Total benefits liability	Funding level as per last actuarial	40%	25%

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

Key performance indicators and efficiency ratios (continued)
Non-Financial Performance Indicators

Performance indicator	June 2022	June 2021
Average benefit processing time (days)	14	14
Administrative efficiency ratio	7%	10%

ANALYSIS OF STATEMENTS OF CASH FLOWS

The Fund's cash flows for the year are disclosed in the statement of cash flows shown on the financial statements. The Fund's cash and cash equivalents as at 30 June 2022 was TZS 11.8 billion (2021: TZS 10.7 billion). The increase in cash and cash equivalent is attributable to increase in investing income.

12.0 TRUSTEES

TRUSTEES COMPOSITION

The following are current Trustees of the Board that exist during the financial year ended 30 June 2022:

S/N	Name	Position	Nationality	Appointment Date
1.	Dr. Huda Ahmed Yussuf	Chairperson	Tanzanian	04.05.2021
2.	Nassor Shaaban Ameir (MD)	Trustee	Tanzanian	04.05.2021
3.	Arafat Ally Haji	Trustee	Tanzanian	20.07.2021
4.	Assaa Sheriff Khalid	Trustee	Tanzanian	20.07.2021
5.	Jaha Haji Khamis	Trustee	Tanzanian	20.07.2021
6.	Sabra Omar Hussein	Trustee	Tanzanian	20.07.2021
7.	Khadija Shamte Mzee	Trustee	Tanzanian	20.07.2021
8.	Said Abdalla Basleym	Trustee	Tanzanian	20.07.2021
9.	Mr. Khamis Juma Khamis	Secretary	Tanzanian	30.07.2021

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

13.0 TRUSTEES' INTEREST

ZSSF is a public body established by Zanzibar Social Security Act No 2 of 1998. It is under the supervision and control of the Board of Trustees. During the period the Trustees did not have any interest in the Fund except for those reported under Note 39 to the financial statements. The Trustees Report supplements the information provided in the financial statements of the Fund.

14.0 TRUSTEES' REMUNERATION

All the Trustees are non-executive except for one who is the Managing Director of the Fund. The Trustees were remunerated as approved by the Minister responsible for Finance. As shown in Note 39, during the period, total Trustee's fees and allowances paid to the Trustees amounted to TZS 135 million (2021: TZS 502 million).

15.0 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. During this period, there were no major changes in the accounting policies adopted by the Fund.

16.0 SOLVENCY EVALUATION

Accumulation of sufficient funds to meet current and future obligations to members 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 on a going concern.

17.0 RESPONSIBLE BEHAVIORS TOWARDS STAKEHOLDERS

The Trustees believe that members' welfare is the primary reason for the existence of the Fund. Several measures have been taken to institute a responsible behavior towards members of the Fund and other stakeholders. These measures include the establishment of a customer services department, strengthening of branch services (Pemba) so as to move services closer and reducing the members' benefit processing time from 28 days to 14 days. Furthermore, all members' claims and enquiries receive immediate attention.

18.0 CURRENT AND FUTURE DEVELOPMENT PLANS

The current and future development plans centers around improved benefits and quality service delivery to members of the Fund.

19.0 STOCK EXCHANGE INFORMATION

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

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

20.0 ADMINISTRATIVE EFFICIENCY

The Fund has achieved the following administrative efficiencies:

- (i) 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 on time.
- (ii) All properties of the Fund have or will have requisite certificates of ownership. No loss of assets was sustained during the year under review.
- (iii) The existing internal control systems are invariably complied with. This has resulted in smooth operations of the Fund. The Fund had 124 employees as at 30 June 2022 (2021: 127).
- (iv) The Trustees have reviewed the cash flow forecasts of the Fund and confirm that it will be able to meet its maturing obligations and capital commitments without liquidating any investments.

21.0 CORPORATE GOVERNANCE

The Board of Trustees is the supreme policy making body in the Fund. The Board of Trustees is charged with the following functions as per the Zanzibar Social Security Fund Act No. 2 of 2005.

- To manage and administer the scheme in a fiduciary capacity;
- Protect, safeguard and promote members interests;
- Ensure that there is good corporate governance;
- Approving Annual Plans and Budgets;
- Formulation of policies;
- Exercise discretionary powers in the best interest of the Fund; and
- Advising the Minister responsible on the affairs of the Fund.

The Trustees consider corporate governance as key to good performance of the Fund. The Board is also responsible for overseeing the Fund performance and internal controls. In view of this, the Trustees confirm that:

- They met regularly throughout the year;
- All the Trustees are non-executive except one who is the Managing Director of the Fund and retains full and effective control of the Fund and monitor the executive management;
- They accept and exercise responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance;
- They continued to strengthen good governance systems by overseeing the implementation of various policies and guidelines in the areas of financial management, operations, investments, internal audit, human resources and ICT; and
- They acted and behaved ethically in discharge of their responsibilities.

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Board meetings

The Board of Trustees of ZSSF consists of 8 Trustees. All the Trustees are non- executive except the Managing Director. The Board takes overall responsibility for the Fund, including responsibility for identifying 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 for compliance with sound corporate governance principles. The Board is required to meet at least four times a year. The day-to-day management of the Fund is taken care by Managing Director assisted by Managers and Senior Officers known as Managing Team.

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 a high standard of corporate governance throughout the Fund.

All members of the Board who held office during the period were committed to attend Board meetings, except where it was not possible to do so.

Board committees

IPC – Investments and Project Committee

FAC – Finance and Audit Committee

During the period the board subcommittees meetings were held as follows: Investment and Projects committee held 4 meetings (2022 - 4 meetings) and Finance and Audit Committee held 4 meetings (2022 - 4 meetings).

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 under normal as well as adverse conditions and
- The reliability of accounting records

During the year 2022, the Finance and Audit Committee received reports 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.

**ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Current Members of the Committee were: -

Name	Role
Mr. Jaha Haji Khamis	Chairperson
Mrs. Sabra Omar Hussein	Member
Mr. Said Abdalla Basleyum	Member
Mr. Nassor Shaaban Ameir (MD)	Member
Mr. Khamis Juma Khamis	Secretary

Investment and Project Committee

Current Members of the committee were: -

Name	Role
Mr. Arafat Ally Haji	Chairperson
Mr. Nassor Shaaban Ameir (MD)	Member
Mrs. Khadija Shamte Mzee	Member
Mr. Assa Sheriff Khalid	Member
Mr. Khamis Juma Khamis	Secretary

The Head of Legal Affairs is the Secretary to the Board and Committees

During the year ended 30th June 2022, the Investment and Project Committee reviewed and made recommendations to the Board on assets management, investments proposals, performance, policies and strategies.

Secretary to the Board

The secretary to the Board and its Committees meetings is the Head of Legal Affairs.

The Secretary to the Board is responsible for advising the Board and ensures proper functioning of the Board. The Secretary is responsible for submission of management reports to the Board and is the custodian of Board documents including minutes and the Board's seal. He is responsible for ensuring that there is good flow of information between the Board, its Committees and Management.

Independence of Trustees and Ethical behavior

All the Trustees are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment. All the Trustees are considered to have behaved and acted ethically in the discharge of their fiduciary responsibilities.

22.0 RISK MANAGEMENT AND INTERNAL CONTROL

The Trustees accepts final responsibility for risk management and internal control system of the Fund. The management ensures that adequate financial and operational control systems are maintained on an ongoing basis. The objective is to provide reasonable assurance on the following:

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

- Safeguarding of members funds and the Fund's assets;
- Effectiveness and efficiency of operations;
- Compliance with applicable laws and regulations;
- Reliability of accounting records and financial information;
- Sustainability of the Fund's operations under normal and adverse conditions; and
- 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 below.

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 finance and audit committee through which the Board monitors and directs corrective measures on the internal control environment.

The Fund invests in the following principal financial assets and liabilities. Financial assets include treasury bonds, treasury bills, corporate bonds, loans, fixed deposits, trade receivables. Financial liabilities include trade and other payable. The main purpose of these financial assets is to generate revenue to the Fund.

The main financial risks facing the Fund include: -

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.

Foreign currency risk

The foreign exchange risk (or 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.

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.

**ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

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.

There are number of non-financial risks affecting the Fund in addition to the above highlighted financial risks which include: -

Operational Risk

Operational risks result from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors. The Fund addresses this risk inter alia through ensuring existence of Business Continuity Plan (BCP) and sound internal control system. Main instruments of the internal control system include operational and procedural manuals, policies and guidelines, and independent internal audit function. Managing operational risks in the Fund is an integral part of day to day operations by the management. The Management, Internal Audit Function, Finance and Audit and Committee and the Board of trustees, are actively involved in monitoring process.

Legal Risk

This risk arises from possible litigations instituted by or against the Fund and uncertainty of enforceability of contracts. In mitigating this risk, the Fund operates a fully-fledged Legal Services Unit and for each contract entered by the Fund is reviewed by the Legal officers.

Reputational Risk

The Fund has an obligation to ensure that it performs its functions and maintains its reputation. In this endeavor, the Board of Trustees and Management ensure that they fulfill their fiduciary responsibilities by applying principles of sound corporate governance and adopting best practices in the industry.

Safeguarding of Fund's Assets

The Trustees are responsible for safeguarding the assets of the Fund. The Board has approved various policies and regulations including but not limited to financial regulations, investments policy, human resources policies and internal audit manual in order to strengthen the internal control environment. These are reviewed from time to time to align with the dynamics of the operating environment. The Trustees are pleased to report that during the year under review no material incidences of fraud were encountered.

Reliability of Accounting Records and Financial Statements

**ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

The Fund has employed sufficient and competent staff in the 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).

23.0 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 African Risk and Insurance Services to carry out the latest (Forth) Actuarial Valuation for Zanzibar Social Security Fund and the report was submitted in the year 2020. See note 36 for more details of actuarial valuation during the year.

24.0 RELATED PARTY TRANSACTIONS AND BALANCES

The details of transactions and balances with related parties have been disclosed in Note 39 to the financial statements.

25.0 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 operating for the foreseeable future.

26.0 ENVIRONMENTAL CONTROL

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 Group must be subjected to Environmental and Social Impact Assessment (ESIA). The Fund supports the national campaign for environmental protection.

27.0 EMPLOYEES WELFARE

Employment Policy

ZSSF is committed to employment policies that 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.

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Management/Employees Relationship

The relationship between employees and Management continued to be good during the year. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between Management and employees.

Training facilities

During the current year the Fund spent TZS 210.7 million (2021: 349.33 million) on staff training and seminar in order to improve employees' 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 medical insurance 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 and staff regulations.

Employees Retirement Benefit Plan

The fund pays contributions to ZSSF Pension Scheme in respect of its employees on mandatory basis and the scheme qualifies to be a defined contribution plan.

Gender Parity

The Fund is an equal opportunity employer, as it has no discriminatory policies or practices. As at 30 June 2022, the Fund had the following distribution of employees by gender:

Gender	30 June 2022		30 June 2021	
	Number	%	Number	%
Male	85	69	88	69
Female	38	31	39	31
Total	123	100	127	100

28.0 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the principal functions and operations of the Fund were governed by the Zanzibar Social Security Fund (Amendment) Act of 2016. The Fund also observed compliance to other applicable laws and regulations, policies and guidelines which have impact on the Fund's operations. The Trustees confirm that the activities and operations of the Fund were conducted in accordance with ZSSF Act and other applicable laws and the Trustees are not aware of non-compliance that would have material impact on the Fund.

ZANZIBAR SOCIAL SECURITY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

29.0 SERIOUSLY PREJUDICIAL MATTERS

During the period ended 30 June 2022 there were no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No.1.

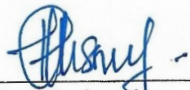
30.0 STATEMENT OF COMPLIANCE

The Trustee's Report has been prepared in full compliance with the Tanzania Financial Reporting Standards No 1.

31.0 AUDITORS

The Controller and Auditor General of Zanzibar (CAG) is the statutory Auditor of the Fund by virtue of the power given by Constitution of Zanzibar and Public Finance Act 2016. However, by the power conferred to the CAG under section 40 and 41 of CAG Act, 2003, TAC Associates a firm of independent auditors was authorized to jointly carry out the audit of the Fund on behalf of the CAG.

BY ORDER OF THE BOARD OF TRUSTEES



Dr. Huda Ahmed Yussuf
 Chairperson of the Board of
 Trustees



Mr. Nassor Shaaban Ameir
 Managing Director

Date: 28/02/2023



ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required under Section 36 of Zanzibar Social Security Fund Act No. 2 of 2005, to keep proper books of accounts 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 2022. 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 a 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.

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



Dr. Huda Ahmed Yussuf
Chairperson of the Board
of Trustees

Date: 28/02/2023
.....



Mr. Nassor Shaaban Ameir
Managing Director

Date: 28/02/2023
.....



**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**


DECLARATION OF HEAD OF FINANCE

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 Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Trustees as per Statement of Trustees' responsibilities on an earlier page.

I, Hamad Saleh Hamad, being the Director of Finance and Accounts of Zanzibar Social Security Fund (ZSSF) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2022 have been prepared in compliance with the International Financial Reporting Standards and Zanzibar Social Security Fund Act No. 2 of 2005.

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

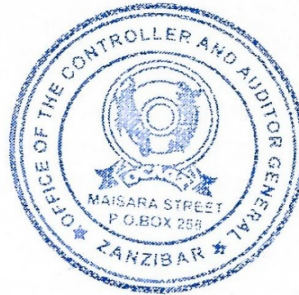


27. 02. 2023

Hamad Saleh Hamad
Director of Finance and Accounts

Date

NBAA Membership No: ACPA 1996



**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

The Chairman of the Board of Trustees Zanzibar
Social Security Fund (ZSSF)
P.O Box 2716
Zanzibar.

**RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF THE ZANZIBAR SOCIAL SECURITY FUND FOR
THE YEAR ENDED 30TH JUNE 2022.**

Introduction

I have audited the financial statements of the Zanzibar Social Security Fund (ZSSF) which comprises of the Statement of net assets available for benefits, Statement of changes in net assets available for benefits, Statement of cash flows and notes to the financial statements for the year ended 30th June 2022 including a summary of significant accounting policies set out from page 31 to 73.

Unqualified Opinion

In my opinion, the accompanying financial statements of the Zanzibar Social Security Fund (ZSSF) are presented fairly in all material respects, the financial position of the Zanzibar Social Security Fund (ZSSF) as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with Zanzibar Social Security Fund (Amendment) Act of 2016.

Basis of 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 Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Zanzibar Social Security Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other information

Trustees are responsible for the other information. The other information comprises Board of Trustees' Report, Statement of Trustees' Responsibilities and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

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 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 those Charged with Governance for the Financial Statements

The Trustees of the Zanzibar Social Security Fund (ZSSF) are responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, 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 as per the Statement of Management responsibility on the Financial Statements enclosed to this report.

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

My responsibility as an auditor is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and such other procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered the internal control relevant to the Zanzibar Social Security Fund (ZSSF) 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 Zanzibar Social Security Fund (ZSSF) internal control.

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.

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

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

Report on Other Legal and Regulatory Requirements

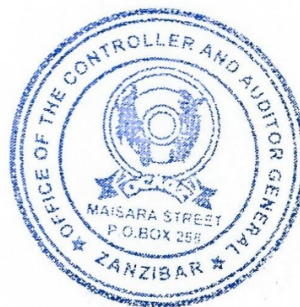
Compliance with Public Procurement and Disposal of Public Assets Act of 2016

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes reviewed as part of this audit, Zanzibar Social Security Fund (ZSSF) has complied with the provisions of the Public Procurement and Disposal of Public Assets Act of 2016 and its regulations of 2020.



Dr. Othman Abbas Ali
Controller and Auditor General

Date: 6/4/2023




ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

CONTRIBUTIONS	NOTE	30.06.2022 TZS	30.06.2021 TZS
Members Contributions	5	92,984,829,259	80,996,854,318
Voluntary Scheme Contribution	6	194,280,040	(58,519)
Penalty		67,101,667	50,970,253
Refund	5	(3,705,620,129)	(4,572,242,088)
Benefit Paid	7	(45,048,320,102)	(38,045,476,017)
Decrease in Provision for doubt full contribution receivable		281,092,277	114,735,383
		44,773,363,012	38,544,783,330
RETURN ON INVESTMENT			
Fair Value Gain Financial Instrument	8	12,883,502,518	3,247,737,132
Fair Value Gain Investment Properties	8	6,384,817,185	0
Dividend	9	2,346,518,305	1,483,949,822
Interest Income	10	42,587,366,310	33,479,174,361
Rent	11	2,451,117,051	1,345,971,728
House sale Profit	12	589,495,780	553,977,637
Amusement Park	13	758,854,753	483,977,448
Financial Expenses	14	(250,764,141)	(112,133,418)
Investment Expense	15	(682,194,258)	(1,033,123,094)
Increase provision for doubtful debts- Rent		(121,049,687)	0
Net Investment Income		66,947,663,816	39,449,531,616
Increase in Assets From Contribution and Investments		111,721,026,828	77,994,314,946
Other income	16	100,095,763	68,199,097
Total increase		111,821,122,592	78,062,514,043
Administration Expenses	17	(7,216,460,489)	(8,458,915,401)
Net Increase		104,604,662,102	69,603,598,641
Net Asset Available for Benefits			
Net increase During the Year		104,604,662,102	69,603,598,642
Beginning of Year		603,857,366,044	534,253,767,402
		708,462,028,146	603,857,366,044

The financial statements were approved for issue by the Board of Trustees and signed on its behalf by:


 Dr. Hudā Ahmed Yussuf
 Chairman of Board of Trustees


 Mr. Nassor Shaāban Ameir
 Managing Director



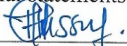
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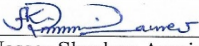
ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

ASSETS	NOTE	30.06.2022 TZS	30.06.2021 TZS
Non-Current Assets			
Property and Equipment	22	3,339,206,812	3,260,948,760
Intangible Assets	22b	<u>380,832,652</u>	<u>196,766,760</u>
Total Non-Current Assets		<u>3,720,039,464</u>	<u>3,457,715,520</u>
Investment Assets			
Mapinduzi Memorial Museum Items		501,558,801	501,558,801
Mapinduzi Revolving Resta	23a	517,566,096	517,566,096
Hotel Furniture and Equipment	23b	478,507,769	0
Work in Progress (WIP)	24a	0	0
Investment Property- Real estate	24b	69,832,000,000	75,086,365,390
Investment Property- Recreation and Amusement Park	24c	34,118,000,000	36,603,636,016
Investment Property- land	24d	66,956,123,057	53,140,689,178
Investment in Equity	25a	57,093,399,123	31,056,385,962
Mkoani Hotel Capital injected	25b	53,091,935	150,000,000
Investment in Government Security	26	292,129,131,853	268,369,886,006
Fixed Deposit	27	134,515,416,465	81,551,120,397
Loans	28	4,567,486,013	312,430,080
House loan		<u>26,845,064,982</u>	<u>27,595,461,709</u>
Total investments Assets		<u>687,607,346,094</u>	<u>574,885,099,635</u>
Current Assets			
Loans	28	3,861,466,367	8,570,259,080
Inventory	29	115,944,678	147,099,141
House inventory		334,227,623	4,955,287,796
Members' contributions receivable	30	2,999,591,755	2,645,955,101
Other receivables	31	5,061,003,228	4,747,909,634
Cash and cash equivalent	32	11,819,733,659	10,706,922,599
Total Current Assets		<u>24,191,967,310</u>	<u>31,773,433,051</u>
Total Assets		<u>715,519,352,868</u>	<u>610,116,248,506</u>
LIABILITIES			
Current Liabilities			
Benefit Liabilities	33	3,974,226,762	3,194,397,092
Other Liabilities	34	2,816,551,753	2,936,991,847
Un Earned Rent	35	266,546,207	127,493,523
Total liabilities		<u>7,057,324,722</u>	<u>6,258,882,462</u>
NET ASSETS AVAILABLE FOR BENEFITS		<u>708,462,028,146</u>	<u>603,857,366,044</u>

The financial statements were approved for issue by the Board of Trustees and signed on its behalf by:


 Dr. Huda Ahmed Yussuf
 Chairman of Board of Trustee


 Mr. Nassor Shaaban Ameir
 Managing Director



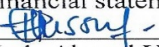
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ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF CASH FLOWS

	30.06.2022	30.06.2021
	TZS	TZS
Cash flow from operating activities		
Administration expenses	(7,216,460,489)	(8,458,915,401)
Other income	100,095,763	68,199,097
Add: Depreciation	519,320,293	663,590,676
	<u>(6,597,044,433)</u>	<u>(7,727,125,628)</u>
Other operating activities		
Inventory	4,652,214,637	1,062,469,262
Members' contributions, other receivable and institutional loan	4,042,062,464	(12,127,998,740)
Benefit Liabilities and other liabilities	659,389,576	2,801,871,470
Un Earned Rent	139,052,685	33,743,523
	<u>9,492,719,362</u>	<u>(8,229,914,485)</u>
Net cash flows from operating activities (A)	<u>2,895,674,929</u>	<u>(15,957,040,113)</u>
Cash flow from investing activities		
Return on Investment	66,947,663,816	39,449,531,616
PPE	(781,644,239)	(685,336,186)
Work in Progress (WIP)	0	42,015,706,055
Investment Property	(6,075,432,473)	(56,575,994,975)
Mkoani Hotel	(381,599,704)	0
Investment in Equity	(26,037,013,162)	(11,338,772,563)
Investment in Government Security	(23,759,245,847)	(54,579,233,844)
Fixed Deposit	(52,964,296,068)	22,104,011,113
Institution Loan	(4,255,055,932)	(103,470,791)
House sale loan	750,396,728	0
Net cash flows from Investing activities (B)	<u>(46,556,226,881)</u>	<u>(19,713,559,575)</u>
Cash Flows from financing activities		
Contribution and Penalties received	93,246,210,966	81,047,766,052
Refund and Payments to pensioners	(48,753,940,231)	(42,617,718,105)
Provision	281,092,277	114,735,383
Net cash Flows from Financing Activities (C)	<u>44,773,363,012</u>	<u>38,544,783,330</u>
Net increase/ (decrease) in cash and cash equivalent A+B+C	<u>1,112,811,060</u>	<u>2,874,183,642</u>
Cash and cash equivalent at beginning	10,706,922,599	7,832,738,957
Cash and cash equivalent at end of the Year	<u>11,819,733,659</u>	<u>10,706,922,599</u>

The financial statements were approved for issue by the Board of Trustees and signed on its behalf by:


 Dr. Huda Ahmed Yussuf
 Chairperson of the Board of Trustees


 Mr. Nassor Shaaban Ameir
 Managing Director



Date 28/02/2023

Date 28/02/2023

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES**1. GENERAL INFORMATION****Establishment**

Zanzibar Social Security Fund (ZSSF) was established under the Zanzibar Social Security Act No. 2 of 1998. The statute was re-enacted in the year 2005 as Act No. 2 of 2005. The act was amended into Zanzibar Social Security Fund (Amendment) Act of 2016 which became effective during the year. Prior to the inception of ZSSF, public service employees in Zanzibar were covered under the Pensions Act, No. 2 of 1990. The office of Registered Office is as follows:

Zanzibar Social Security Fund,
ZSSF Building
Kilimani Mnara wa Mbao,
68 JK Nyerere Road,
71125 Mjini Magharibi,
P. O. Box 2716,
Zanzibar.

ZSSF scheme is primarily based on social insurance principles and has an objective of replacing employee earnings during retirement or during working life in the event of contingencies such as old age or invalidity, as well as providing medical care, maternity and survival benefits to its members.

Membership to the Fund is mandatory for all government and private employees and employers.

Benefits

In accordance with the Zanzibar Social Security Fund (Amendment) Act of 2016 together with the principal ZSSF Act No. 2 of 2005. Five types of benefits are provided to members:

Short Term Benefits

- Medical care
- Maternity
- Worker Injuries compensation
- Un employment Benefit

Long Term Benefits

- Old Age, including pension and gratuity
- Survivors benefits
- Invalidity benefits

Long-term benefits include old age benefits for Members who have contributed to the Fund for not less than 60 months. The retirement age is 55 years for early retirement and 60 years for compulsory retirement.

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES (CONTINUED)

GENERAL INFORMATION (CONTINUED)

Funding Policy

The Fund's funding policy provides for monthly contributions at actuarially determined rates that are expressed as percentages of pensionable emoluments, which are sufficient to accumulate assets to pay pensions and allied benefits when due.

Currently, the Fund is mainly financed by contributions paid by its members and their employers. The contribution rate is 20% of the basic salary (7% contributed by employee, and 13% contributed by employer).

The Fund also invests surplus funds in high-grade financial instruments such as Treasury Bonds and in investment properties.

2. 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

(i) Compliance with IFRS

The financial statements of the Fund have been prepared in accordance with 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 are presented in Tanzanian Shillings (TZS). The convention names used for statement of financial position and statement of profit or loss and other comprehensive income are statement of net assets available for benefits and statement of changes in net assets available for benefits respectively.

(ii) Historical cost conventions

The financial statements have been prepared on historical cost basis except where otherwise stated in the below accounting policies.

(b) Changes in accounting policy and disclosures

(i) New and amended standards effective during the period

The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following standards became effective during the period:

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 - Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- Identify contracts with customers Id
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures

The Fund's main source of revenue is out of scope of IFRS 15. The Fund has identified and reviewed the contracts with customers that are within the scope of this standard. The outcome of the reviews has not resulted into additional performance obligations for certain products (in particular contracts for sale of house) and as a result thereof a deferral of revenue relating to those products. Thus, the Fund's pattern of revenue recognition under previous accounting policy is consistent with the requirements of IFRS 15.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Fund has used the terminology used in IFRS 15 to describe such balances.

The Fund's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Fund's revenue transactions, application of IFRS 15 has not had impact on the financial position and/or financial performance of the Fund.

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

(i) *New and amended standards effective during the period (continued)*

IFRS 9 Financial Instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortized cost and fair value.

Classification and measurement of financial assets:

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if:

- a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and
- b) the contractual cash flows under the instrument solely represent payments of principal and interest

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognize the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

The changes introduce:

- A third measurement category for certain financial assets that are debt instruments
- A new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment loss and applies the effective interest rate method.
- A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12-month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The Fund's financial assets include Debtors, Contribution and penalty receivables and Cash and cash equivalents.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments (Continued)

(i) *New and amended standards effective during the period (continued)*

Impairment of financial assets

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Fund to recognize a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortized cost.
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for receivables, contract assets and lease receivables in certain circumstances.

The Fund has elected a full retrospective approach on adoption of IFRS 9.

The Fund is obliged under IAS to measure all assets held for Investment at Fair Value, as such debt instruments that would otherwise qualify to be measured at amortized cost are fair valued to comply with requirements of IAS 26. For other financial assets that meet the amortized cost criteria the Fund applied simplified approach and recognized life time ECL for other receivables (i.e. bank balances, contribution receivable, penalty receivable, lease receivable, contract assets and other receivables). All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Fund has determined that the application

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of IFRS 9's impairment requirements at 1 July 2019 results into additional allowance for impairment

(i) *New and amended standards effective during the period (continued)*

IFRS 9 Financial Instruments (Continued)

Disclosures in relation to the initial application of IFRS 9

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Disclosures in relation to the initial application of IFRS 9

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in statement of changes in net assets available for benefits. This has not changed from prior years.

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9.

The application of IFRS 9 has had no impact on the cash flows of the Fund.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Amendments to IAS 40 Transfers of Investment Property (Continued)

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

Early application of the amendments is permitted and must be disclosed.

The amendments will eliminate diversity in practice.

The standard is effective for annual periods beginning on or after 1 January 2019.

These amendments to IAS 40 have no any impact on the Fund's financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRIC 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (ii) The beginning of the reporting period in which the entity first applies the interpretation; or
- (iii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed.

First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

The amendments are intended to eliminate diversity in practice, when recognizing the related asset, expense or income (or part of it) on de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency.

The standard is effective for annual periods beginning on or after 1 January 2019. IFRIC 22 has no any impact on the Fund's financial statements.

Standards issued but not yet effective

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

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IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Fund continues to assess the impact of changes to the financials

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) 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 core of IFRS 17 is the general model, supplemented by:

(ii) *Standards issued but not yet effective*

IFRS 17 Insurance Contracts (Continued)

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted; provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Fund considering its current activities and operations.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of ‘primary users of general-purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

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The standard is effective for annual periods beginning on or after 1 January 2021. The management is of the opinion that the standard might require more disclosure of items in the financials of the Fund, however the management is still continuing with the assessment of actual impacts.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term ‘outputs’ is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions. The standard is effective for annual periods beginning on or after 1 January 2020. The management is still assessing the likely impact of this standard but generally it is expected to have no effect on the financial statements of the Fund.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments do not involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately,
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The interpretations are expected to have no impact to the Fund since the Fund does not operate in a complex multinational tax environment.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

ZANZIBAR SOCIAL SECURITY FUND
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On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Fund has no share-based payment transactions. Therefore, these amendments do not have any impact on the Fund's financial statements.

The Fund is currently assessing the impact of the new standards and amendments on the disclosures in its financial statements. 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.

(ii) Standards issued but not yet effective (continued)

Amendments to IFRS's - Annual improvements to IFRS's (2015-2017 cycle) - (issued in December 2017)

IFRS 3: Business Combinations

Previously held Interests in a joint operation

- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fund is still assessing the impact of the amendments to the Fund's financial statement.

IFRS 11: Joint Arrangements

Previously held Interests in a joint operation

- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not re-measured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

The Fund is still assessing the impact of the amendments to the Fund's financial statement.

IAS 12: Income Taxes

Income tax consequences of payments on financial instruments classified as equity

- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

**ZANZIBAR SOCIAL SECURITY FUND
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- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

The Fund is still assessing the impact of the amendments to the Fund's financial statement.

(ii) Standards issued but not yet effective (continued)

Amendments to IFRS's - Annual improvements to IFRS's (2015-2017 cycle) - (issued in December 2017) (Continued)

IAS 23: Borrowing Costs

Borrowing costs eligible for capitalization

- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

The Fund is still assessing the impact of the amendments to the Fund's financial statement.

(c) Property and Equipment Valuation

Land and buildings are stated at historical cost. 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.

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Asset Description	Rate per annum %
Land	-
Buildings	2.0
Motor Vehicles, Motor Cycles and Bicycles	10.0
Furniture and Fittings	12.5
Office Machines and Equipment	20.0
Computer	33.3

(c) Property and Equipment (Continued)

Property and equipment is periodically reviewed for impairment. Assets that have an indefinite useful life are not subject to amortization and are tested annually 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An item of Property and equipment is derecognized 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 derecognized.

(d) 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 amortization expense on intangible assets is recognized in the statement of changes in net assets available for benefits. The annual rate of amortization, which has been consistently applied, is 20% per annum.

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment of intangible assets. The carrying value of intangible assets as at the year-end is compared to the recoverable amount, which is the higher

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(d) Benefits payable

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

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of changes in net assets available for benefits on a straight-line basis over the period of the lease. The Fund leases its properties under operating lease.

Fund as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that does not transfers substantially all the risks and rewards incidental to ownership to the Fund is

classified as an operating lease. Operating lease payments are recognized as an operating expense in the Statement of Changes in Net Assets on a straight-line basis over the lease term.

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.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of changes in net assets due to its operating nature.

(f) 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 statement of net assets available for benefits.

(g) 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 statement of changes in net assets available for benefits. Bad debts are written off after all steps to recover them have failed.

**ZANZIBAR SOCIAL SECURITY FUND
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(h) 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.

(i) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. 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. 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 transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefits.

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.

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TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

(j) 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.

Revenue recognition

Contributions

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 amortized cost 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.

Penalty income

Penalty income is recognized on accrual basis on contribution received. The computation of penalty is done in accordance with Section 22 (1) of the Zanzibar Social Security Fund Act, 2005, where and employer who fails (a) to make deductions or fails to deduct the correct amount (b) fails to pay the contribution or (c) fails to remit to the Fund the amount of any deductions within fifteen (15) days as per stipulations of section 17 of the Act is liable to pay penalty equal to five (5) per centum of the total amount of that contributions for each month or part of a month after the date when payment should have been made and the amount of the penalty shall be covered as a liability of the penalty shall be covered as a liability owing to the Fund by the employer.

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 and the cash inflow can be estimated reliably. Dividends are presented in the investment income of the Fund.

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.

Sale of houses

The Fund recognizes revenue when it transfers control of houses to a customer in line with IFRS 15. Control transfers when a customer makes full payment of purchase price and all sums due

ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

under sale agreement, in which case the Fund surrenders title deed and all documents in relation to the property to the customer. Payment of the transaction price is due immediately at the point of execution of sale agreement or within agreed period from the date of execution of the sale agreement. When the customer pays purchase price on installment the installments to be paid is recognized revenue as at the due date and creates a house sale receivable which is reduced by cash received from customers.

Other incomes

Other income comprises of tender fees mission and other miscellaneous incomes. They are recognized to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured.

(k) Foreign Currency Translation

(i) Functional and presentation currency

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

(ii) 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 statement of changes in net assets available for benefits.

(l) 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.

(m) 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.

(n) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**3. FINANCIAL RISK MANAGEMENT****Financial risk factors**

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 the Fund's financial performance, but the Fund does not hedge any risks.

Risk management is carried out by the Risk Management Department under the supervision of the Audit 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 analyze 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 Audit 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 risks.

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 of the project to establish viability. Day to day management of the Fund's credit risk is vested in the Department of Planning and investments and Research under the supervision of the Management Investment Committee, which is chaired by the Managing Director. The Internal audit unit conducts regular audits of credit processes and management. To manage its exposure of balances with banks, the Fund uses only reputable banks for banking services.

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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:

	2022	2021
	TZS	TZS
Financial assets		
<i>Investments:</i>		
Government securities	236,374,834,055	193,174,600,909
Government /corporate bonds	<u>55,754,297,798</u>	<u>75,195,285,097</u>
Loan Investments	<u><u>292,129,131,853</u></u>	<u><u>268,369,886,006</u></u>
<i>Other assets:</i>		
Cash at bank	11,819,733,659	10,706,922,599
Deposits with financial institutions	134,515,416,465	81,551,120,397
Other receivables	5,024,153,228	4,747,909,633
Contributions receivables	<u>2,999,591,755</u>	<u>2,645,955,101</u>
	<u><u>154,358,895,107</u></u>	<u><u>99,651,907,730</u></u>

FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

Benefit payable	3,974,226,762	3,194,397,092
Other payable and accrued expenses	<u>2,816,551,753</u>	<u>2,936,991,846</u>
	<u><u>6,790,778,515</u></u>	<u><u>6,131,388,938</u></u>

*All assets on the above category are of high quality

**In May 2017, the Central Bank revoked FBME Bank's license and placed it under liquidation. The Fund recovered TZS 1,500,000 of its outstanding balance from the Deposit Insurance Board.

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. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. 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 ensures that all excess cash is invested in appropriate high yield investments in accordance with the provisions of the Act. The Fund carries out monthly cash flow projection that is discussed by Management Investment Committee for investment decisions. Main sources of the Fund's income include monthly members' contributions and investment income.

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.

Market risk is the risk of changes in value of net assets of the group 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.

**ZANZIBAR SOCIAL SECURITY FUND
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3.2.1 Interest 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 arises 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.

3.2.2 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.

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

The various currencies to which the Fund is exposed are summarized in the table below:

Amounts in TZS Equivalent	At 30 June 2022 <u>TZS</u>	At 30 June 2021 <u>TZS</u>
Assets		
Cash and bank	16,600,040	230,681,834
Liabilities		
Total financial liabilities	-	-
Net assets position	<u>16,600,040</u>	<u>230,681,834</u>

The exchange rate as at 30 June 2022 was TZS 2,310 per US\$ (2020: TZS 2301).

3.2.1 Price risk

The Fund is also exposed to price risk in 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's investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

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 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-interest-bearing 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.

FINANCIAL RISK MANAGEMENT (CONTINUED)

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgment 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) Impairment of financial assets at amortized cost

Determination of impairment of financial assets requires significant judgment. The Fund assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial instrument is reduced through use of an allowance account. The amount of the loss is recognized in the statement of changes in net assets available for benefits. Additional information is disclosed under note 3.

(ii) Fair value of unquoted equity investments

The fair value of available for sale 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. The Fund uses discounted cash flow methods for equity investments that are not traded in active markets.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

The fair values of these financial instruments are determined using appropriate assumptions on credit risk and market volatility.

ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

(iii) 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 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. Additional information is disclosed under note 9.

(iv) 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 2.2.

5 MEMBERS' CONTRIBUTIONS – MANDATORY SCHEME

Members' Contribution	Period Contributions TZS	Refund TZS	NET 30-Jun-22 TZS	NET 30-Jun-21 TZS
Government -Unguja	45,450,101,420	50,356,880	45,399,744,540	37,765,383,367
Government-Pemba	3,167,552,691	16,033,645	3,151,519,046	10,193,078,067
Sub total	48,617,654,111	66,390,525	48,551,263,586	47,958,461,433
Parastatals - Unguja	10,615,652,564	5,340,210	10,610,312,354	9,481,631,204
Parastatals - Pemba	144,620,217	7,797,125	136,823,092	0
Sub total	10,760,272,781	13,137,335	10,747,135,446	9,481,631,204
Private- Unguja	33,399,284,294	3,622,348,898	29,776,935,397	18,542,968,438
Private- Pemba	207,618,072	3,743,371	203,874,701	441,551,155
Sub total	33,606,902,366	3,626,092,269	29,980,810,098	18,984,519,593
TOTAL	92,984,829,258	3,705,620,129	89,279,209,129	76,424,612,230

6 MEMBERS' CONTRIBUTIONS – VOLUNTARY SCHEME

ZVSS MEMBERS' CONTRIBUTION	2021-2022 TZS	2020-2021 TZS
Members' Contribution	371,229,148	209,542,664
Less VSSF Refund	176,949,108	209,601,183
	<u>194,280,040</u>	<u>(58,519)</u>

7. BENEFIT EXPENSES

Gratuity	21,351,209,863	18,352,906,141
Survivor	3,458,285,152	3,404,594,875
Pension	19,401,833,365	15,499,409,797
Invalidity	548,039,663	553,180,387
Maternity	288,952,059	235,384,817
	<u>45,048,320,102</u>	<u>38,045,476,017</u>

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

8. NET APPRECIATION IN FAIR VALUE**Fair value Financial Investment**

CRDB Bank	2,130,399,176	478,355,891
DSE	1,400,000,000	757,412,000
Investment in TAN-RE	5,957,103,380	(1,520,019,859)
NMB Bank	2,301,254,226	1,986,700,143
TPCC	76,297,920	890,142,400
UTT - Bond Fund	22,516,411	19,538,311
UTT - Liquid Fund	606,311,491	61,866,180
UTT - Jikimu	20,117,902	54,142,700
UTT- Umoja	466,410,077	599,599,366
Vodacom	0	(80,000,000)
Mkoani Hotel Capital Injected	(96,908,065)	0
Total Fair value Financial Investment (A)	12,883,502,518	3,247,737,132

Fair value Investment Properties

Mbweni Old	(2,115,000,000)	-
Mwanakwerekwe shopping	139,000,000	-
Chawal Building	(224,000,000)	-
Michenzani Mall	(2,540,792,488)	-
Thabit Kombo Building	(1,053,464,343)	-
MKoani Hotel Building	(480,992,458)	-
Hifadhi Building	254,286,669	-
Kilimani ZSSF Annex Building	(250,000,000)	-
Uhuru Kariakoo	(4,691,636,016)	-
ZSSF Conference Centre	1,495,105,000	-
Umoja Tibirinzi	(553,000,000)	-
Mapinduzi Tower and Square	2,759,000,000	-
Pemba Tibirinzi-LAND	1,940,104,390	-
Mbweni-LAND	3,459,000,000	-
Mwanakwerekwe- LAND	400,000,000	-
Tunguu-LAND	2,000,000	-
Kigamboni Muongozo-LAND	(543,793,569)	-
Kariakoo-LAND	6,570,000,000	-
Kilimani ZSSF annex -LAND	319,000,000	-
Tibirinzi Umoja- LAND	1,500,000,000	-
Total Fair value Investment Properties (B)	6,384,817,185	0
Total fair value Gain (A+B)	19,268,319,703	3,247,737,132

9. DIVIDEND INCOME

	2022	2021
	TZS	TZS
Dividend from Equity - Listed	1,837,852,967	1,155,742,815
Dividend from Equity -un Listed	508,665,338	328,207,007
	2,346,518,305	1,483,949,822

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

10. INTEREST INCOME

Interest from Short Call	54,749,956	205,883,497
Interest from Govt stock/loan	3,004,380,049	2,336,544,996
Interest from Treasury bonds	30,221,806,781	21,938,164,437
Interest from Fixed deposit	7,520,136,519	6,940,306,491
Interest from PBZ Bond	1,270,425,098	1,822,492,818
Interest from TMRC Bond	58,957,557	53,061,739
Interest from Other Institution loan	481,983,859	194,077,983
Withholding Tax (stamp duty)	(25,073,509)	(11,357,600)
	<u>42,587,366,310</u>	<u>33,479,174,361</u>

11. RENT INCOME

Mapinduzi Tower and Square	68,710,228	7,854,000
ZSSF Conference Centre	103,342,950	103,500,000
Mwanakwerekwe Shopping Centre	225,396,176	236,899,047
Chawal Building	398,902,250	416,595,000
Mbweni old Houses	30,327,284	85,582,187
Hifadhi Building	32,000,000	12,600,000
Michenzani Mall	1,412,518,596	420,846,811
Thabit Kombo Building	179,919,567	62,094,683
	<u>2,451,117,051</u>	<u>1,345,971,728</u>

12. PROFIT FROM HOUSE SALE

House Sales	3,638,175,199	13,688,154,456
Interest on House loan	<u>1,947,807,324</u>	<u>608,254,152</u>
	5,585,982,523	14,296,408,608
Cost of Houses sold	4,996,486,743	13,742,430,971
Profit	<u>589,495,780</u>	<u>553,977,637</u>

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

13. AMUSEMENT PARK INCOME		
A-KARIAKOO (UHURU) INCOME		
Shop rent	341,691,043	271,466,165
Entrance	401,865,000	330,351,500
Rides	<u>439,575,000</u>	<u>404,709,000</u>
Total income	1,183,131,043	1,006,526,665
less Kariakoo Park expenses	<u>(480,775,806)</u>	<u>(594,872,098)</u>
Net income	<u><u>702,355,237</u></u>	<u><u>411,654,567</u></u>
B-TIBIRINZI (UMOJA) INCOME		
Shop rent	18,000,000	21,368,000
Entrance	130,400,000	117,050,000
Rides	<u>87,360,800</u>	<u>69,457,000</u>
Total income	235,760,800	207,875,000
Less Tibirinzi Park expenses	<u>(179,261,284)</u>	<u>(135,552,119)</u>
Net income	<u><u>56,499,516</u></u>	<u><u>72,322,881</u></u>
TOTAL (A+B)	<u><u>758,854,753</u></u>	<u><u>483,977,448</u></u>
14. FINANCIAL EXPENSES		
	2021-2022	2020-2021
	TZS	TZS
Transfer and bank charge	<u>250,764,141</u>	<u>112,133,418</u>
	<u><u>250,764,141</u></u>	<u><u>112,133,418</u></u>
15. INVESTMENT EXPENSES		
Mwanakwerekwe Expense	59,301,741	30,423,574
Mbweni Expense	69,402,745	56,410,748
Mapinduzi tower and Square Expense	75,111,053	105,028,869
Chawal Building Expenses	194,199,585	156,036,755
Thabit Kombo Building Expenses	27,610,922	1,063,720
Michenzani Mall Expenses	159,331,695	12,939,258
Mkoani Hotel Building Expenses	12,161,250	0
ZSSF conference Centre Expenses	2,593,860	0
Hifadhi Building Expenses	12,075,000	0
General Investment Expenses	<u>70,406,407</u>	<u>671,220,170</u>
	<u><u>682,194,258</u></u>	<u><u>1,033,123,094</u></u>
16. OTHER INCOME		
Commission and loan application form	88,052,426	52,002,095
ID Replacement Income	3,514,000	11,716,915
Tender Document sales	6,200,000	4,200,000
Gain in exchange rate	<u>2,329,337</u>	<u>280,087</u>
	<u><u>100,095,763</u></u>	<u><u>68,199,097</u></u>

ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

17. ADMINISTRATION EXPENSE

Staff cost (Note 18)	3,946,177,345	4,114,034,249
Operation expense (Note 19)	1,722,763,981	2,333,950,122
Depreciation (Note 22 a & b)	519,320,293	663,590,676
Repair and maintenance (Note 20)	182,336,760	214,883,214
Other expenses (Note 21)	845,862,110	1,132,457,140
	<u>7,216,460,489</u>	<u>8,458,915,401</u>

18. STAFF COST

Salaries Expense	2,783,716,303	2,661,429,003
Overtime	390,000	2,530,000
Staff Welfare	93,617,500	130,800,000
Training Expense	210,742,215	349,331,275
13% ZSSF Contribution	332,767,538	380,675,951
Staff Uniform	36,900,000	128,974,905
Acting allowance	11,044,772	15,410,554
Transport on leave	152,414,943	170,069,134
Health insurance	200,629,364	145,424,320
SDL Levy	123,954,710	129,389,107
	<u>3,946,177,345</u>	<u>4,114,034,249</u>

19. OPERATION

	2021-2022 TZS	2020-2021 TZS
Electricity and water	84,169,782	79,916,561
Cleaning expense	53,485,711	69,773,788
Telephone and postage	83,755,090	82,021,670
Property insurance	6,268,825	2,602,294
Travel on duty	250,268,643	468,319,227
Printing and stationary	157,152,223	165,928,188
Consultancy	31,868,470	48,370,000
Seminar and conference	36,635,000	49,964,250
Board expenses	135,007,000	501,970,975
Ecassa fee	22,965,100	23,000,000
Issa Fee	39,300,269	40,856,700
TSSA fee	27,000,000	15,000,000
Security cost	71,405,568	78,255,000
Fuel expenses	408,461,693	342,326,566
Audit expenses	80,790,000	96,765,000
ICT expenses	234,230,607	268,879,903
	<u>1,722,763,981</u>	<u>2,333,950,122</u>

**ZANZIBAR SOCIAL SECURITY FUND
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

20. REPAIR AND MAINTENANCE

Repair and maintenance- motor vehicles	59,048,574	63,232,662
Repair Furniture and Fitting	3,622,500	55,601,560
Office maintenance	96,511,544	92,739,392
Electricity maintenance	11,685,892	611,000
Generator Maintenance	11,468,250	2,698,600
	<u>182,336,760</u>	<u>214,883,214</u>

21. OTHER EXPENSES

Entertainment Expense	5,200,000	2,760,400
Publicity expenses	377,718,588	393,809,371
Funeral Expense	5,700,000	5,900,000
Other Staff expense	246,680,322	603,248,488
Newspapers and Periodicals	4,711,700	10,146,881
Donation	205,851,500	116,592,000
	<u>845,862,110</u>	<u>1,132,457,140</u>

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

NOTES (CONTINUED)**22. PROPERTY AND EQUIPMENT****23.**

Cost	Land	Buildings	Motor vehicle	Furniture and fittings	Office Machine & Equipment	Total as at 30.06.2022	Total as at 30.06.2021
Balance as at 01.07.2021	270,000,000	1,862,400,281	1,009,260,565	683,096,972	2,405,517,411	6,230,275,229	5,716,100,950
Additions	166,500,000	0	0	18,618,500	365,101,396	550,219,896	514,174,280
Disposal				(137,754,710)	(634,612,277)	(772,366,987)	0
Balance as at 30.06.2022	436,500,000	1,862,400,281	1,009,260,565	563,960,762	2,136,006,530	6,008,128,138	6,230,275,230
Depreciation Balance as at 01.07.2021	0	420,583,189	467,159,808	368,479,828	1,713,103,645	2,969,326,470	2,549,459,490
Period Depreciation	0	45,426,833	75,795,019	59,626,198	291,113,792	471,961,842	419,866,980
Disposal	0	0	0	(137,754,710)	(634,612,277)	(772,366,987)	0
Accumulated Depreciation as at 30.06.2022	0	466,010,022	542,954,827	290,351,316	1,369,605,160	2,668,921,325	2,969,326,470
Net Carrying Amount as at 30.06.2022	436,500,000.00	1,396,390,259.11	466,305,738.37	273,609,446.49	766,401,370.55	3,339,206,812.35	3,260,948,760

None of the Fund property and equipment has been pledged as collateral. Properties and equipment amounting to TZS 3,339,206,812.35 (2021: TZS 3,260,948,759.38) are fully depreciated but still in use. None of the Fund property and equipment were temporary idle as at 30 June 2022 (2021: Nil). The Fund had no contractual commitments to acquire property and equipment as at 30 June 2022. 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.

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)

22b. INTANGIBLE ASSETS	Computer Software 2022 TZS	Computer Software 2021 TZS
Cost		
As at 1 July	1,251,264,656	1,080,102,750
Additions during the year	231,424,343	171,161,908
As at 30 June	1,482,688,999	1,251,264,656
Amortization		
As at 1 July	1,054,497,896	810,774,201
Amortization charge	47,358,451	243,723,697
As at 30 June	1,101,856,347	1,054,497,898
Net book value:		
As at 30 June	380,832,652	196,766,760

Intangible asset relates to software which are direct used by Fund in their information system.

23a. MAPINDUNZI REVOLVING RESTA

	2022 TZS	2021 TZS
Cost		
Mapinduzi Revolving Resta	517,566,096	517,566,096
	517,566,096	517,566,096

23b. HOTEL FURNITURE AND EQUIPMENTS

Mkoani Hotel	239,212,392	0
Hifadhi Building Hotel and Apartment	142,390,377	0
ZSSF Conference Center	96,905,000	0
	478,507,769	0

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES (CONTINUED)**24. (A) WORK IN PROGRESS (WIP)**

Work in progress is measured at cost, as fair value cannot be established reliably. There was no work in progress at the year end.

(B) INVESTMENT PROPERTY - REAL ESTATE

Description	01/07/2021	Valuation Gain (loss)	30/06/2022
	Building TZS		TOTAL TZS
ZSSF Conference Center Pemba	1,979,800,000	1,398,200,000	3,378,000,000
Chawal Building	10,800,000,000	(224,000,000)	10,576,000,000
Mbwani Old Houses	3,500,000,000	(2,115,000,000)	1,385,000,000
Mwanakwerewe Shopping Centre	2,800,000,000	139,000,000	2,939,000,000
Kilimani ZSSF Annex	1,400,000,000	(250,000,000)	1,150,000,000
Michenzani Mall	31,791,792,488	(2,540,792,488)	29,251,000,000
Thabit Kombo Building	9,881,464,343	(1,053,464,343)	8,828,000,000
Mkoani Hotel Building	4,715,204,850	(720,204,850)	3,995,000,000
Hifadhi Building	8,218,103,708	111,896,292	8,330,000,000
	<u>75,086,365,390</u>	<u>(5,254,365,390)</u>	<u>69,832,000,000</u>

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)

MKOANI HOTEL BUILDING

Mkoani Hotel Building constructed to be leased to investor who are interested to run hotel mean while the Fund temporary operated hotel for aim of maintained the value of building and marketed it until they find the investor who can lease and run building for hotel. The aim of Fund is not to run hotel but to invest in hotel Building and for that management considered Mkoani Hotel Building as investment Building and not owners occupied.

24 (C) INVESTMENT PROPERTY - RECREATION AND AMUSEMENT PARKS

Description	01-Jul-21	Valuation	30/06/2022
Uhuru Kariakoo	23,703,636,016	(4,691,636,016)	19,012,000,000
Umoja Tibirinzi	8,200,000,000	(553,000,000)	7,647,000,000
Mapinduzi Tower and Square	4,700,000,000	2,759,000,000	7,459,000,000
	36,603,636,016	(2,485,636,016)	34,118,000,000

24. (D) INVESTMENT PROPERTY – LAND

Description	01-Jul-21	Addition	Valuation	30-06-2022
	TZS			TZS
Pemba Tibirinzi	726,895,609		1,940,104,391	2,667,000,000
Mbweni	12,541,000,000		3,459,000,000	16,000,000,000
Mwanakwerewe	800,000,000		400,000,000	1,200,000,000
Tunguu	4,800,000,000		2,000,000	4,802,000,000
Kigamboni Muongozo	2,624,793,569	169,123,057	(543,793,569)	2,250,123,057
Kariakoo uhuru Park	9,900,000,000		6,570,000,000	16,470,000,000
Kilimani old Baharassa	1,248,000,000		319,000,000	1,567,000,000
Michezani Mall and Parking	8,800,000,000		-	8,800,000,000
Mapinduzi Tower and Square	8,700,000,000		-	8,700,000,000
Tibirinzi Umoja Park	3,000,000,000		1,500,000,000	4,500,000,000
Total	53,140,689,178	169,123,057	13,646,310,822	66,956,123,057

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES (CONTINUED)

24. (D) INVESTMENT PROPERTY – LAND (CONTINUED)

The following table summarizes the quantitative information about significant unobservable inputs used in recurring fair value measurement of land.

Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Applicable rate (TZS per Square metres)	Relationship of unobservable input to fair value	Fair value at	
					30 June 2022	30 June 2021
Level 3	Market approach	price per square meter	Tunguu..... 37,267.08 Kariako..... 270,491.80 Tibrinzi..... 408,827.70 Umoja..... 100,000.00 Mwanakwerkwe.333,333.30 Mbweni.....236,622.60 Kigamboni..... 30,135.40 Mapinduzi tower1,095,442.00 Michenzani mall1,047,868.50 Kilimani Annex ... 438,202.30	Higher Sales price higher value	66,956,123,057	53,140,689,178

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES (CONTINUED)

None of the Fund Investment property has been pledged as collateral. The Fund leases out a its investment properties under operating leases. The leases are for terms of one year or more. There are no restrictions on reliability of investment property or remittance of income and proceeds from disposal.

The Fund's investment properties were revalued by **ZIB Consultant** as independent professionally qualified valuers, who has recent experience in the locations and categories of the respective investment properties valued. The valuation for period ended 30th June 2022 conducted on July 2022 and report issued on August 2022. Previous valuation was done by Pan Africa on April 2021.

The net impact of revaluating investment properties for the year ended 30th June 2022 is fair value gain amounting **TZS 6,384,817,185** (2021: TZS 4,187,487,474) as disclosed in the above tables which also show reconciliation of movement in carrying amounts of investment property between opening and closing dates.

Valuation Techniques

The following table shows the valuation techniques used to revaluing Investment Property: -

S/N	Investment categories	Valuation Technique	Descriptions
1	Lands	Market Approach	Land was valued by sales comparison method on the basis of its unimproved stage taking into account the various categories of existing and potential services, accessibility and priority was paid to concept of Highest and best use of property.
2	Buildings	Cost Approach	Building, structure and services valued at current replacement cost taking into account their depreciation

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

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)**25. (a) EQUITY INVESTMENTS**

	2021-2022 TZS	2020-2021 TZS
Listed Companies and Unlisted		
TAN-RE	11,454,460,748	5,087,650,369
UTT-Umoja	4,506,630,305	4,040,220,228
UTT-Jikimu	487,035,662	466,917,760.46
TPCC	2,365,235,520	2,288,937,600
NMB Bank	9,205,017,120	6,903,762,894
CRDB Bank	9,675,241,600	1,897,946,845
Vodacom	770,000,000	770,000,000
ZAFICO	3,150,000,000	3,150,000,000
DSE	4,000,000,000	2,600,000,000
Liquid Fund	8,919,233,132	1,312,921,641
ZASCO	2,000,000,000	2,000,000,000
UTT BOND	560,545,036	538,028,625
	<u>57,093,399,123</u>	<u>31,056,385,962</u>

25. (b) MKOANI HOTEL

Capital Injected	150,000,000	150,000,000
Less Impairment loss	(96,908,065)	0
	<u>53,091,935</u>	<u>150,000,000</u>

26. GOVERNMENT SECURITIES

Government stock/Loan	44,775,667,219	58,669,100,673
Treasury bond	236,374,834,055	193,174,600,909
PBZ and TMRC Corporate Bond	10,978,630,579	16,526,184,424
	<u>292,129,131,853</u>	<u>268,369,886,006</u>

27. FIXED DEPOSIT

AZANIA BANK	2,062,999,999	3,233,767,124
BOA BANK	12,504,575,339	8,602,315,076
CRDB BANK	21,514,547,942	8,872,342,466
EQUITY BANK TANZANIA LTD	1,036,246,575	3,217,397,259
EXIM BANK	9,544,315,069	2,062,136,987
KCB BANK	7,369,493,148	4,314,739,725
NBC LTD BANK	6,252,602,737	-
PBZ BANK	44,046,243,887	26,163,356,165
TIB BANK (TZS)	8,377,369,856	8,577,123,286
TPB/TCB BANK (TZS)	12,556,547,942	13,357,312,174
	<u>134,515,416,465</u>	<u>81,551,120,397</u>

ZANZIBAR SOCIAL SECURITY FUND
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NOTES (CONTINUED)**28. LOANS**

	2022	2021
	TZS	TZS
Maturity more than 12 months		
ADMIRAL INVEST COMPANY LTD	286,673,290	312,430,080
BASRA TEXTILE MILLS LTD	4,280,812,723	0
Sub Total (A)	<u>4,567,486,013</u>	<u>312,430,080</u>
 Maturity within 12 months		
SUZA	564,013,844	797,196,364
ZATUC	0	2,705,329
ZSTC1	797,706,045	797,706,045
ZSTC2	750,000,000	750,000,000
ZSTC3	1,150,000,000	5,650,000,000
NALASA PERFECT CO. LTD	30,941,246	54,578,903
BARAZA LA MANISPAA YA MJINI	568,805,232	518,072,439
Sub Total (B)	<u>3,861,466,367</u>	<u>8,570,259,080</u>
 TOTAL (A+B)	<u>8,428,952,380</u>	<u>8,882,689,160</u>

29. INVENTORIES

Stationary and Consumable Items	<u>115,944,678</u>	<u>147,099,142</u>
	<u>115,944,678</u>	<u>147,099,142</u>

30. MEMBER CONTRIBUTIONS RECEIVABLE

	2021-2022	2020-2021
	TZS	TZS
Contribution receivable	3,488,698,130	3,416,153,752
Less: Provision	(489,106,374)	(770,198,651)
	<u>2,999,591,755</u>	<u>2,645,955,101</u>

31. OTHER RECEIVABLE

Staff loans	2,313,144,975	2,582,079,247
Rent Receivable	1,958,149,989	1,499,716,017
Provision of rent receivable	(156,276,341)	(35,226,655)
Dividend Receivable	241,275,142	480,189,353.00
Salary Advance	339,000	24,304,101.56
NHIF Health insurance Fund	173,000,600	196,847,570
FDR Receivables	531,369,863	0
	<u>5,061,003,228</u>	<u>4,747,909,633</u>

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)**32. CASH AND CASH EQUIVALENT**

	2021-2022	2020-2021
	TZS	TZS
PBZ Bank Account 0404624000	7,870,118,107	6,213,386,058
PBZ Bank Account 0404410000	93,846,920	899,158,216
NBC Bank Account 021103004742	1,108,496,843	102,869,867
PBZ Bank Account 0400087000	16,600,040	230,681,834
PBZ Bank Account 0404276000	359,030,732	215,476,108
FBME Bank	261,444,630	261,444,630
Provision for Doubtful debt	(261,444,630)	(261,444,630)
PBZ Bank Account 021103000672	45,920,854	41,597,829
NMB Bank 22910015419	182,239,747	1,152,861,505
BOA Bank estate 05538200007	50,783,919	126,105,964
BOA Bank 05509620053	436,156,603	410,566,695
CRDB Bank 0150416127700	35,598,457	168,588,352
PBZ Benefit 0404225000	1,303,290,122	1,068,063,835
Equity Bank 3014211623588	275,843,777	77,566,336
PBZ INVESTMENT 0792160001	(110,501,222)	0
PBZ MBWENI ESTATE 0792159001	67,669,318	0
CRDB ZSSF THABIT KOMBO RENT 0150416127703	<u>84,639,442</u>	<u>0</u>
	<u><u>11,819,733,659</u></u>	<u><u>10,706,922,599</u></u>

33. BENEFIT LIABILITY

Gratuity payable	3,946,678,857	3,179,674,010
Maternity Payable	27,547,905	14,723,082
	<u><u>3,974,226,762</u></u>	<u><u>3,194,397,092</u></u>

34. ACCRUED EXPENSES

	2021-2022	2020-2021
	TZS	TZS
Provision for Audit Fees	50,000,000	50,000,000
Caution Money	103,562,295	58,187,585
Other Accounts Payable	69,862,019	295,493,353
Retention money	2,005,400,298	2,188,152,874
Withholding tax	528,998,651	174,106,101
House Mbweni Deposit	0	149,717,058
Thabit Kombo CCM Rent Payable	58,728,490	20,696,176
NSSF member Contribution	0	638,700
	<u><u>2,816,551,753</u></u>	<u><u>2,936,991,847</u></u>

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)**35. UNEARNED RENT**

Un-earned rent relates to rent income received in advance for: -

	2021-2022	2020-2021
	TZS	TZS
Rent received in advance	<u>266,546,207</u>	<u>127,493,523</u>
	<u>266,546,207</u>	<u>127,493,523</u>

36. ACTUARIAL POSITION

The actuarial valuation for Fund conducted after every three year in order to assess sustainability of the fund. The currently actuarial valuation of the Fund is for the period ended 30th June 2021 conducted by **ZAMARA** Consulting of Nairobi Kenya and report submitted 19th February 2023. Previous actuarial valuation of the Fund was at 30 June 2018 and completed in 18th September 2020 by association of the following entities; African Risk and Insurance Services Limited (“ARiS”), Callund Consulting Limited of the UK (“CCL”), and Ruparelia Consultants Limited of Kenya (“RCL”).

Professional standards applied

The professional standards applied in the valuation were as follows:

- International Standard of Actuarial Practice 2 (ISAP2) “Financial Analysis of Social Security Programs”
- Technical Actuarial Standard 100 (TAS100) (Principles for Technical Actuarial Work)
- Technical Actuarial Standard 300 (Pensions)

Valuation Method:

The Actuarial valuation method used is Aggregate Valuation method where result is aggregated for categories of members:

The Actuarial method involves

- Projecting the benefit payable to each member for each future year.
- For active member, first project the salaries to the date of retirement or early exit.
- Calculation of benefit payable on retirement or early exist using existing formula
- Projection of pension payable from retirement age to rest of life.
- Calculation of contribution rates based on aggregated projected benefits and projected salaries.

Key opinion:

Scheme is financially sustainable over the period of 20 years which were covered by the projections used for the financial analysis and this is critically dependent on the assumptions used.

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)

According to the valuation as at the date, the actuarial present value of promised retirement benefits was as follows:

Accrued liabilities	2021	2018
	“TZS 000”	” TZS 000”
Value of accrued benefit liability	1,520,539,000	1,260,185,801
Assets		
Value placed on Fund assets as at 30 June	(603,857,000)	<u>(214,422,312)</u>
Actuarial deficit		
Excess of accrued liabilities over assets	(916,682,000)	<u>(1,045,763,489)</u>
Funding level	40.0%	<u>17.0%</u>

Summary of core actuarial basis

The assumptions that were used in the 2021 actuarial valuation are set out below: -

Assumptions	Basis
<i>Demographic assumptions</i>	
Pre- retirement mortality	A1949/52 Ultimate
Post- retirement mortality	A (55) Males/Females Ultimate
Invalidity	In accordance with average experience of other similar schemes
Normal retirement age	60 Years
Administration Expenses	2.5 % of Salaries.
Statutory minimum Wages	TZS 300,000 reviewed annually in line with inflation
<i>Financial assumptions</i> (per annum)	
Price inflation (nominal)	4%
Pre-retirement	7%
Post-retirement	7%
Salary inflation (nominal)	5.5%
Pension increases	Pensions are not assumed to increase in payment.

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)**INVESTMENTS CONCENTRATION**

	2022 TZS	2021 TZS
Net Assets Available for Benefits	<u>708,255,528,146</u>	<u>603,857,366,044</u>
5% thereof	<u>35,412,776,407</u>	<u>30,192,868,302</u>

The following investments are held by the Fund at amounts, which exceed 5% of the net assets.

Category that present 5% or more	2022		2021	
	TZS	%	TZS	%
Work in progress	-		-	
Investment property- recreation and amusement park	30,402,251,284	5%	36,603,636,016	7%
Investment Property- Real estate	69,832,000,000	12%	75,086,365,390	14%
Investment property- land	63,966,123,057	11%	53,140,689,178	10%
Investment in government security	236,374,834,055	40%	268,369,886,006	49%
Investment in Equity	56,197,753,193	9%	31,056,385,962	6%
Fixed deposit	135,046,786,328	23%	81,551,120,397	15%
	<u>591,819,747,917</u>		<u>545,808,082,949</u>	

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2022 TZS	2021 TZS
Financial assets		
<i>Investments:</i>		
Government securities	279,616,880,036	251,843,701,582
Corporate bonds	10,978,630,579	16,526,184,425
Quoted shares	26,576,012,830	14,460,647,339
Unquoted shares	29,621,740,362	16,595,738,623
Long term loans	8,428,952,379	8,882,689,160
<i>Other assets:</i>		
Cash and bank	11,819,533,659	10,706,922,599
Fixed deposits	135,046,786,328	103,655,131,510
Receivables (excluding prepayments)	32,859,393,784	32,343,371,342
Contribution receivables	3,040,502,855	2,645,955,101
	<u>537,988,432,812</u>	<u>457,660,341,681</u>

ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES (CONTINUED)**38. RELATED PARTY TRANSACTION AND BALANCES**

Related party transaction and balances were as follows: -

a. Remuneration of Trustees and Key Management Personnel

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the Fund, comprising the directors of the Fund. Their remuneration, allowances and loans are as set below:

Short Term Employees Benefit	2021-2022	2020-2021
	TZS	TZS
Board Expenses	235,007,000	501,970,975
Staff loan	2,313,144,975	2,582,079,247
Salaries	3,922,330,375	4,114,034,249
	6,370,482,350	7,198,084,471
Investment in related Parties	2021-2022	2020-2021
	TZS	TZS
Corporate Bond	10,978,630,579	16,526,184,424
	290,595,510,615	268,369,886,006
Interest from related parties		
Government stock/loan	1,470,758,811	-
Treasury bond	30,221,806,781	23,783,817,867
Corporate bond	1,329,382,654	1,894,970,909
	33,021,948,246	25,678,788,776

39. SOCIAL SECURITY FUND COSTS

The Funds employees are members of Zanzibar Social Security Fund. The staffs contribute 7% of their gross salary and employer contributes 13%.

Employees	179,182,520	190,337,975
Employer	332,767,538	380,675,950
Total	511,950,058	571,013,926

**ZANZIBAR SOCIAL SECURITY FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

NOTES (CONTINUED)**40. TAXATION**

All PAYE deductions had been submitted in full to Tanzania Revenue Authority for the above balance sheet date. Section 27(4) of Zanzibar Social Security Fund Act No. 2 of 2005, exempts all contribution and other income of the Fund from taxation.

41. COMMITMENTS AND CONTINGENT LIABILITIES**(a) Capital commitments**

The fund had no capital commitments during the year ended June 2022 for construction of Real Estate.

(b) Loan commitments

As at 30 June 2022, the Fund had no loan contractual commitment.

(c) Finance lease commitments

The Fund had no finance lease commitments as at 30 June 2022 (2021: Nil).

(d) Legal contingent liabilities

The Fund had no contingent liabilities as at 30 June 2022 (2021: Nil).

(e) Contingent assets

At the end of the period the Fund had no contingent assets (2021: TZS Nil).

42. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

None of the Fund's assets has been pledged as security for liabilities.

43. OWNERSHIP

Zanzibar Social Security Fund owned by its members who contribute by contribution and managed by Board of Trustee and Revolutionary Government of Zanzibar is guarantor through Ministry of Finance and Planning.

44. EVENTS AFTER REPORTING PERIOD

There were no material events after the reporting date that required disclosure or adjustment

ZSSF New Investment Projects Public transport infrastructure



Low Cost House Project at Dk. Hussein Mwinyi City



