

**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



NATIONAL SOCIAL SECURITY FUND (NSSF)

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

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ujaguzi Road,
P. O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

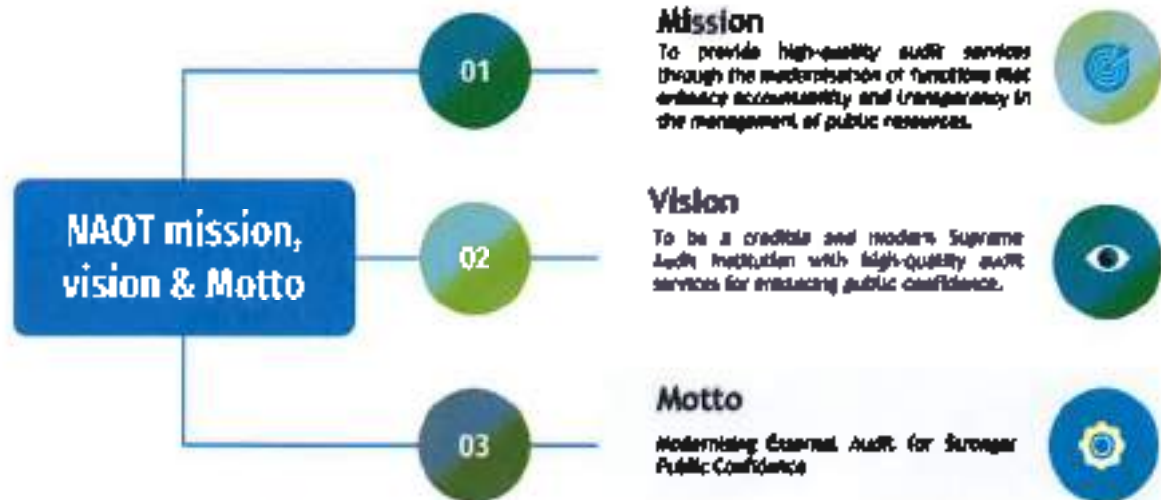
February 2024

AR/PA/NSSF/2022/23

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor General are provided for under Article 143 of the Constitution of the URT of 1977 and in Section 10 (1) of the Public Audit Act, [Cap 418 R.E. 2020].



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices.

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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NATIONAL SOCIAL SECURITY FUND

TABLE OF CONTENTS

	PAGE
List of tables	iii
List of abbreviations	iv
Independent Report of the Controller and Auditor General	v
Fund information	1
The Report by Those Charged With Governance	2
Statement of Board of Trustees Responsibilities	85
Declaration by the Head of Finance	86
Statement of Net Assets Available for Benefits	87
Statement of Changes in Net Assets Available for Benefits	88
Statement of Cash Flows	89
Notes to the Financial Statements	90

NATIONAL SOCIAL SECURITY FUND

LIST OF TABLES

Table 1: Core Values	2
Table 2: Macro and micro economic conditions	5
Table 3: Global Sustainable Development Goals (SDGs)	7
Table 4: Service Performance Information	18
Table 5: Objectives and Strategies	27
Table 6: Stakeholder Relationship	36
Table 7: Details of the investment income	39
Table 8: Changes in Fair Values	40
Table 9: Benefit Expenses	40
Table 10: The ratio of benefits to contributions	41
Table 11: Analysis of administrative expenses	42
Table 12: Fund's investment portfolio as at 30 June 2023 and as at 30 June 2022	44
Table 13: Expected future investment expenditure in the financial year 2023/24	45
Table 14: List of listed equities Investment	46
Table 15: List of unlisted equities investment	47
Table 16: Summary of long-term loans investment	47
Table 17: List of Collective Investment Schemes	48
Table 18: List of associates	48
Table 19: List of subsidiaries	49
Table 20: List of other assets	50
Table 21: Sources of funds	51
Table 22: Application of funds	52
Table 23: Operating expenses for the financial year 2022/23	53
Table 24: Current and Future Development Plans	54
Table 25: Maturity profile of financial assets and liabilities	58
Table 26: Integrated Systems	60
Table 27: Uncertainties, possible outcomes and impact to the Fund	66
Table 28 : Fund's Operating Model	67
Table 29: Members of the Board of Trustees	71
Table 31: Attendance register of members of the Board of Trustees	72
Table 32: Members of Finance, Investment and Benefits Administration Committee	73
Table 33: Members of Audit Committee	74
Table 34 : Members of Risk and Governance Committee	75
Table 35 : Key Management Personnel	76
Table 36 : Gender Parity	81
Table 37 : Significant contracts	83

LIST OF ABBREVIATIONS

AIDS	Acquired Immunodeficiency Syndrome
BCMS	Bridge Collection Management System
BCP	Business Continuity Plan
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DPM	Directorate of Procurement Management
ECL	Expected Credit Loss
eGA	e - Government Agency
EIR	Effective Interest Rate
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
GAP	General Average Premium
GDP	Gross Domestic Product
GePG	Government electronic Payment Gateway
HIV	Human Immunodeficiency Virus
IAS	International Accounting Standards
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
NCDs	Non-Communicable Diseases
NIC	National Insurance Corporation (T) Limited
NIDA	National Identification Authority
NSSF	National Social Security Fund
OCI	Other Comprehensive Income
PAYE	Pay as You Earn
PPE	Property, Plant and Equipment
PSSSF	Public Service Social Security Fund
RITA	Registration, Insolvency and Trusteeship Agency
SACCOS	Savings and Credit Cooperative Societies
SMS	Short Message Service
SSRA	Social Security Regulatory Authority
TCD	Tons of Cane per Day
TCPLC	Tanga Cement Public Limited Company
TPCC	Tanzania Portland Cement Company Limited
TRA	Tanzania Revenue Authority
TTCL	Tanzania Telecommunications Corporation
TZS	Tanzanian Shillings
URT	United Republic of Tanzania
WESTADI	Welfare Scheme for Tanzanian Diasporas Workers
ZSSF	Zanzibar Social Security Fund

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Trustees
National Social Security Fund
Benjamin William Mkapa Pension Towers, Azikiwe St,
P. O. Box 1322
Dar es Salaam, Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the Financial Statements of National Social Security Fund (the "Fund"), which comprise the Statement of Net Assets Available for Benefits as at 30 June 2023, and the Statement of Changes In Net Assets Available for Benefits, and Statement of Cash Flows for the year then ended, as well as the notes to the Financial Statements, including a summary of significant accounting policies.

In my opinion, the Financial Statements present fairly, in all material respects, Net Assets Available for Benefits of National Social Security Fund as at 30 June 2023 and its Changes In Net Assets Available for benefits and its Cash Flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of National Social Security Fund (the "Fund") in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

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.

No.	Key audit matter	How my audit addressed the key audit matter
1.	<p>Fair valuation of investment assets. See accounting policy 4.14 and Note 16 to the financial statements.</p> <p>Valuation of Investment assets involves significant management judgement, assumptions and estimations.</p> <p>Assumptions and inputs used in valuation techniques include expected cash flows, risk-free and benchmark interest rates as well as other factors used in estimating discount rates used to present value the future cash flows.</p> <p>The audit was focused on fair value of the investments assets and determined this to be a key audit matter due to the materiality of the balances and the significant judgment and assumptions used in the calculation of fair value.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Evaluating and testing key controls around the Investment's valuation process; • Involving a valuation specialist to assist in evaluating the Investment valuation performed by the Fund's independent valuation expert and challenging the assumptions applied by management; • Evaluating inputs used by management in valuation by comparing the inputs with available benchmarks; • Assessing the competence, capability and objectivity of the Fund's valuation expert who perform the investment valuation; and • Evaluating the adequacy of the financial statement's disclosures, including disclosures of key assumptions and judgements.

Other Information

Management is responsible for the other information. The other information comprises the Trustee's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- iv. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- v. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- vi. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, [Cap 418 R.E. 2020] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, [Cap 410 R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1.2.1 Compliance with the Public Procurement Act, [Cap 410 R.E 2022]

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

I performed a compliance audit on procurement of works, goods and services in the National Social Security Fund for the financial year 2022/23 as per the Public Procurement Act, [Cap 410 R.E 2022] and its Regulations of 2013.

Conclusion

Based on the audit work performed, I state that, procurement of works, goods and services of National Social Security Fund is generally in compliance with the requirements of the Public Procurement Act, [Cap 410 R.E 2022] and its underlying Regulations of 2013.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Public Services Social Security Fund for the year ended 30 June 2023 as per the Budget Act and other Budget Guidelines.

Conclusion

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



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



NATIONAL SOCIAL SECURITY FUND

FUND INFORMATION

Registered Office: Benjamin William Mkapa Pension Towers
Jamhuri/Azikiwe Street
P.O. Box 1322
Dar es Salaam, Tanzania

Main Bankers: National Bank of Commerce Limited
P.O. Box 1863
Dar es Salaam, Tanzania

NMB Bank Plc
P.O. Box 9031
Dar es Salaam, Tanzania

CRDB Bank Plc
Azikiwe Street
P.O. Box 268
Dar es Salaam, Tanzania

Standard Chartered Bank Tanzania Limited
P.O. Box 9011
Dar es Salaam, Tanzania

Citibank Tanzania Limited
P.O. Box 71625
Dar es Salaam, Tanzania

Azania Bank Limited
P.O. Box 9271,
Dar es Salaam

Lawyers: Suleiman Abubakar Msangi
Benjamin William Mkapa Pension Towers
P.O. Box 1322
Dar es Salaam, Tanzania

Fund's Secretary: Masha John Mshomba
Benjamin William Mkapa Pension Towers
P.O. Box 1322
Dar es Salaam, Tanzania

Auditors: The Controller and Auditor General
National Audit Office
4 Ukaguzi Road
P.O. Box 950
Dodoma, Tanzania

Deloitte & Touche
3rd Floor, Aris House
Plot No. 152 Haite Selasste Road
P.O. Box 1559
Dar es Salaam, Tanzania

NATIONAL SOCIAL SECURITY FUND

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

1.0 INTRODUCTION

The Fund is registered in Tanzania under the National Social Security Fund Act [CAP 50 R.E. 2018], herein referred to as Act, as a registered Social Security Scheme and administered in Tanzania. It is a mandatory scheme providing a wide range of benefits based on the internationally accepted standards.

The Board of Trustees ("the Board") is pleased to present this report and the audited financial statements for the year ended 30 June 2023 which disclose the state of affairs of the National Social Security Fund ("the Fund" or "NSSF"). These financial statements can be amended by the Board of Trustees and regulatory bodies if the financial statements are found to be misleading after they have been issued to the public. The financial statements for the year ended 30 June 2023 were authorized for issue in accordance with the resolution of the Board of Trustees.

2.0 MISSION, VISION AND CORE VALUES

Vision statement

To be a reliable and sustainable provider of social security services.

Mission statement

To provide quality social security services to members through competent, innovative and committed human capital using appropriate technology.

Core Values

NSSF will achieve its vision through corporate culture whose core values are Integrity, innovativeness, accountability, teamwork and transparency.

Table 1: Core Values

Core Values	Our Guiding Principle
Accountability	We commit ourselves to service excellence and accept responsibility for our actions and results.
Integrity	We foster a climate of honest and commit ourselves to trustworthy, ethical conduct and take responsibility for all our actions.
Innovativeness	We encourage creative and visionary thinking to promote a culture of developing and accepting new ideas to make NSSF the best it can be.
Team work	We commit ourselves to work as a team to achieve the best for our customers and make NSSF the best it can be.
Transparency	We commit ourselves to promoting openness, honesty and reliability in our actions.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF THE OPERATION

3.1 The legislative and regulatory environment in which the Fund operates

The Social Security Funds are regulated by the Bank of Tanzania and the Office of the Prime Minister, Labour, Employment, Youth, Employment and Persons with Disability.

The Sector is dominated by two Social Security Funds, National Social Security Fund and the Public Service Social Security Fund. NSSF is mandated to recruit members from the private sector employers and the informal sector. Private sector attracts majority of work force in the economy providing an ample opportunity for NSSF to grow.

3.2 The industry in which the Fund operates

The National Social Security Fund was established by the National Social Security Fund Act [CAP 50 R.E.2018]. The main functions of the Fund are to register liable employers, employees and voluntary members from private sectors, collect contributions, accounting for the money collected, investments and paying out benefits to members.

3.2.1 Market and Competitive Position

The Fund is mandated to recruit members from the private sector employers and the informal sector. Private sector attracts majority of work force in the economy, which provides an ample opportunity for the growth of the Fund.

3.2.2 The legitimate needs and interests of key stakeholders

The Fund embraces the needs and interests of key stakeholders in its decision making and has identified seven (7) categories of stakeholders: the Government, employees, employers, labour unions, service providers, society and regulators. The needs and interest of each stakeholder has been identified under Section 6 of the Report by Those Charged with Governance.

3.2.3 Fund's major markets and competitive position

The wide spread of the Fund's service centres across the country enables the Fund to recruit more members and collect more contributions which in turn increase investment base of the Fund and hence stimulate the economic growth and the standard of living.

3.3 Main products, services, customers, business processes and distribution methods

The main products provided by the Fund are pensions and aligned benefits to members. Also, the Fund provide education relating to social security scheme to its members.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 THE NATURE OF OPERATION (CONTINUED)

3.3 Main products, services, customers, business processes and distribution methods (Continued)

The services of the Fund include registration of liable employers, employees and voluntary members, collection of contributions, investment of contributions in viable ventures and benefit payments to members.

The Fund's customers include employees in the private sector which includes companies, non-governmental organizations, embassies employing Tanzanians, international organizations and individuals in the informal sector.

The Fund's business processes include registration process, contribution collection process, investment management process and benefit payment process. The service to the Fund's customers is delivered online and face to face.

3.4 Structure of the entity's operation, and its economic model, including an overview of the main operating facilities and their locations

The management and administration of the Fund is vested in the Board of Trustees in line with the provision of Section 4(1) of the Act. The Director General is appointed by the President of the United Republic of Tanzania and is the Chief Executive Officer who is responsible for overseeing the day-to-day operations of the Fund in line with the provisions of Section 4 (2) of the Act. The Management of the Fund is under the Director General and is organized in seven-line directorates and four units as follows:

- (i) Directorate of Finance.
- (ii) Directorate of Planning, Investment and Projects.
- (iii) Directorate of Operations.
- (iv) Directorate of Human Resources Management and Administration.
- (v) Directorate of Internal Audit.
- (vi) Directorate of Legal Services.
- (vii) Directorate of Information Communication and Technology.
- (viii) Units under the Director General's Office; Actuarial Services, Statistics and Risk Management, Procurement Management, Internal Affairs and Public Relations and Members Education.

The Fund has Head Office in Dar es Salaam and has 31 regional offices, 15 district offices and 16 substations in the mainland Tanzania. As for Zanzibar, there is a Memorandum of Understanding (MoU) with ZSSF for ZSSF to service members of NSSF in Zanzibar. We also provide services near our members through online services via the Fund's website, employers and members portals.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.5 Effectiveness and efficient utilization of resources

The Fund utilizes tangible and intangible resources including intellectual resources, human resources, natural resources, financial resources, social and relationship resources and other sources. The power to ensure effective and efficient resources utilization is vested in the Board of Trustees. Effective Management, competent human resources, deployed ICT infrastructure and documented internal operating procedures facilitate effective and efficient use of the Fund's resources.

3.6 Macro and micro economic conditions

In the financial year 2022/23, the economic outlook is positive, with output growth projected to be higher than in the preceding year. The resilience of the Tanzanian economy to external shocks has historically been supported by a stable macroeconomic environment, the diversity of economic sectors, and a healthy social security sector. The country's GDP figures show that growth remained steady, driven by higher public investment and inflation has been well contained below the expected average inflation rate of 5.4 percent.

The social security sector remained overall resilient to shocks. The Fund remained overall adequately capitalized, with sufficient liquidity. Assets of the Fund continued to increase, overall reflective of a supportive and improving business environment and increased Fund's performance.

The sector is expected to continue to remain on its growth trajectory supported by prudential policy and regulatory measures undertaken by the schemes' regulators and continued strong efforts by the Government towards a supportive business and investment climate.

Table 2: Macro and micro economic conditions

S/N	Macro and micro economic conditions	Impact to the Fund
1.	On 30 June 2023, inflation rate was 3.6 percent and average inflation rate in the year was 4.6 percent which was below the expected average inflation rate of 5.4 percent. Inflation is anticipated to remain in single digit within 3%-7%.	This enabled the Fund to obtain better real return from investments. • During the financial year 2022/23, the real return of 5.32 percent on all investment was realized which is above the minimum requirement of 2.5 percent benchmark as per Investment Policy of the Fund. The Fund expects to obtain a better real return from investment in the next financial year as the inflation is anticipated to remain in single digit within 3%-7%

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATIONS (CONTINUED)

3.6 Macro and micro economic conditions (Continued)

Table 2: Macro and micro economic conditions (Continued)

S/N	Macro and micro economic conditions	Impact to the Fund
2.	The economy recorded a GDP growth of 5.6 percent in the first quarter 2023 (January 2023 - March 2023) which was above the expected GDP growth rate of 5.4 percent. In the year 2024, the Government expect 5.8 percent GDP growth.	<p>The growth in GDP created new investment opportunities as result private sector responded positively in expanding capital investment and therefore, more job creation as a result of registration of new members to the Fund.</p> <ul style="list-style-type: none"> • During the financial year 2022/23 the Fund registered 5,398 (2021/22: 4,850) new employers. • During the financial year 2022/23 the Fund register 198,998 (2021/22: 197,421) new members from the formal sector. • During the financial year 2022/23 the Fund register 44,897 (2021/22: 36,223) new members from the informal sector. <p>The registration of new employers and members is expected to increase in the next financial year as the Government eyed 5.8 percent GDP growth in the year 2024.</p>
3.	During the year, the shilling remained stable trading at an average exchange rate of TZS 2,327.52 per US dollar above the expected average exchange rate of TZS 2,326.11 per USD. This is driven by an increase in demand for foreign exchange in the market due to high commodity prices in the world market and low foreign exchange inflows attributable to monetary policy tightening in advanced economies. Exchange rate is expected to remain stable in the next financial year	<p>This enabled the Fund to continued investing in viable investments.</p> <ul style="list-style-type: none"> • During the financial year 2022/23, investment assets was increased by 1,176.32 billion from TZS 5,687.19 billion to TZS 6,863.51 billion. <p>The Fund will continue to invest in the viable investment as the exchange rate is expected to remain stable in the financial year 2023/24.</p>

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATIONS (CONTINUED)

3.7 Market forces

There is no competition with internal players in the Social Security Sector in Tanzania. However, the Board puts a keen eye on achieving the set targets as the Fund's performance is crucial to our members. The Fund strives to provide better social security services to stimulate economic growth and to satisfy the members and stakeholders.

3.8 Speed and effect of technological change

The Fund strives to keep up with the rapid technological changes to improve service delivery. The Fund focuses on the development and improvement of systems to run the business processes in the Fund. In collaboration with eGA, the Fund developed a number of integrated Business Management Systems to improve service delivery.

During the financial year 2022/23, the Fund adopted e-Office Management System (eOMS) and implementation of Incoming and Outgoing Mails and Internal Memo has been completed. The Fund continued to review the Employer Portal to improve user experience (appearance and performance) and incorporate functions of the National Informal Sector Scheme (NISS), Mobile App to incorporate features of the National Informal Sector Scheme (NISS) including Members Self-Registration, payment of contributions, and lodging of benefit claims.

The Fund is aggressive in embracing the technological advancement by automating its processes and adopting digital transformation to meet the needs and expectations of its members and stakeholders. The Fund has invested heavily in ICT systems, training its staff on proper usage of the systems and re-engineered its business processes to improve service delivery.

3.9 Societal Issues

The Fund is working in the areas that involve shared culture and attitudes of the population in which the Fund is operating. In this regard, the Fund has been participating and supporting the societies programs under the corporate social responsibility initiatives which are in line with the 16 of the 17 global sustainable development goals as detailed Table 3 below.

Table 3: Global Sustainable Development Goals (SDGs)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
Goal No.1: No Poverty 	<ul style="list-style-type: none">• Provision of benefits to members.• Supporting the communities in which we operate through provision of donation and sponsorship aiming at enhancing the quality of human capital	<ul style="list-style-type: none">• The Fund has established a new scheme, National Informal Sector Scheme (NISS) to ensure that most of the citizens are covered against loss of income before and after retirement.



NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

3.0 NATURE OF OPERATIONS (CONTINUED)

3.9 Societal issues (continued)

Table 4: Global Sustainable Development Goals (SDGs) (continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No.1: No Poverty (Continued)</p> 	<ul style="list-style-type: none"> Engagement in building and development of industries. 	<ul style="list-style-type: none"> The Fund has developed portals and mobile Apps for employers and members to access various services at their own. This has significantly reduced the cost of accessing services to members. In the financial year 2022/23, the Fund paid TZS 2,605 million (2021/22: TZS 1,884 million) as donation and sponsorship to education, health, agriculture and industrial sector and various women economic groups. Creation of employment opportunities through Akulazi subsidiary. As at 30th June 2023, Akulazi Holding Company Limited had created 236 direct employments and 1,058 indirect employments. Employment created has multiplier effect on citizens disposal income, purchasing power and standard of living.
<p>Goal No. 2: Zero hunger</p> 	<ul style="list-style-type: none"> Payment of benefits in time to retirees. Purchasing of raw materials from out growers through Akulazi Holding Company Ltd. 	<ul style="list-style-type: none"> Paying pensions before or on 25th day of every month. In the financial year 2022/23, the Fund has paid benefits of TZS 738.61 billion (2021/22: 659.77 billion). Akulazi Holding Company Ltd and Ssalana Tanzania Company Ltd purchases raw materials and labour from out growers.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 3: Good Health and Well being</p>  <p>The icon for SDG 3 features a white heart and a white ECG line on a blue and green background. The text '3 GOOD HEALTH AND WELL-BEING' is displayed in white on a dark blue background.</p>	<ul style="list-style-type: none"> • Sponsorship and donation to health sector. • Provision of health benefit to members. 	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund provided sponsorship and donation to Good Samaritan Cancer hospital to support government efforts to fight cancer, Chazi medical centre aiming at fighting death caused by blood insufficient, Mkapa foundations endowment funds to support health development initiative activities and MOI to support government efforts in improvement and availability of health facilities. • In the financial year 2022/23 the Fund paid T25 39.17 billion (2021/2022: 28.25 billion) to accredited medical providers to support good health and wellbeing.
<p>Goal No. 4: Quality Education</p>  <p>The icon for SDG 4 features a white book and a white pencil on a red and pink background. The text '4 QUALITY EDUCATION' is displayed in white on a dark red background.</p>	<ul style="list-style-type: none"> • Sponsorship and donation to education sector. • Participation in the construction of learning institutions. • Increasing efficiency in the payment of benefit to members. 	<ul style="list-style-type: none"> • During the year, the Fund provided donation and sponsorship to Nyamagana Secondary school, Tumaini University- DSM College, Baura Primary School, Bahili "B" Matumizi Primary school and Awangisi Primary School - Bunda aiming at improving schools' infrastructure and creating conducive learning environment. • The Fund provided loan to the Government to facilitate the construction of Dodoma University and Nelson Mandela.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 5: Gender Equality (Continued)</p> 	<ul style="list-style-type: none"> • Offering equal employment opportunities to both male and female. • Providing support to various women economic groups and women relating programs through sponsorship and donation. 	<ul style="list-style-type: none"> • The Fund has been involved in promoting Gender equality through equal employment opportunity. The Fund total number of staff in the financial year 2022/23 was 1,831 in which 891 (48.7%) are Male and 940 (51.3%) are Female. • In the financial year 2022/23, the Fund provided sponsorship and donation to support various women economic groups and women relating programs as detailed below: <ul style="list-style-type: none"> (i) Sponsorship to Women and Child Health Initiative to support sensitization of maternity benefit in Dodoma. (ii) Sponsorship to Women and Child Health Initiative to support sensitization of maternity benefit in Dodoma. (iii) Donation to Chief Promotions to support awareness and education matters related to Girl's menstrual hygiene. (iv) Donation to NTATE Foundation to support Women Leadership training programs. (v) Sponsorship to Women's Wake up to support Completion of building at MYUMI Province Office for supporting Community Development.




NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 5: Gender Equality (Continued)</p> 		<p>(vi) Donation to Hassanayn Islamic Women Association to support widow association to purchase school uniforms and stationaries for Primary and secondary school students.</p> <p>(vii) Sponsorship to Tanzania Insurance Regulatory Authority to support Women conference held in Zanzibar.</p> <p>Sponsorship to Tanzania Women CEO's Roundtable to facilitate management and staff to participate in 9th women round table.</p>
<p>Goal No. 6: Clean Water and Sanitations</p> 	<ul style="list-style-type: none"> • Sponsorship and donation to promote Clean Water and Sanitation. 	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund provided sponsorship to Habari Development Association to support tree planting project at Mzakwe water sources in Dodoma to make it evergreen
<p>Goal No. 7: Clean and Affordable Energy</p> 	<ul style="list-style-type: none"> • The use of renewable source of power. 	<ul style="list-style-type: none"> • The Fund use clean and affordable energy sources through the use of solar energy as a backup source of power at Mafinga, Lushoto, Mbinga and Kigoma offices.



NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

3.0 NATURE OF OPERATIONS (CONTINUED)

3.9 Societal Issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 8: Decent Work and Economic Growth</p> 	<ul style="list-style-type: none"> Participation in investment in government securities, fixed deposit, Corporate Bonds and short and long-term loans. 	<ul style="list-style-type: none"> In the financial year 2022/23, the Fund provided sponsorship to 361 Degrees Africa Ltd to facilitate funding to Italy-Tanzania Business investment forum in Zanzibar and SIDO to support Economic growth. In the financial year 2022/23, the Fund involved in promoting economic growth by lending money to the Government and financial institutions in turn the same is used in capital formation. During the period ended 30 June 2023, the Fund invested TZS 2,887 billion in the Government securities (2021/22: TZS 2,567 billion).
<p>Goal No. 9: Industries, Innovation and Infrastructures</p> 	<ul style="list-style-type: none"> To promote sustainable industrialization, innovation and infrastructure. Providing loan to SMEs. 	<ul style="list-style-type: none"> The Fund involved directly in the construction of sugar industry through its subsidiary company, Mkulazi Holding Company Ltd. The Fund is involved in strategic projects such as Nyerere Bridge, UDDM, Nelson Mandela Institute, Mtoni Kijichi, Tuangoma and Dunga Farm Affordable Houses Police Houses and TPDF Houses to support economic development and human well-being. The Fund provide loans to SMEs through Azania bank in which Small Industry Development Organization (SIDO), Vocational Education and Training Authority (VETA) and National Economic Empowerment Council (NEEC) play roles to ensure objectives are attained.




NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 10: Reduced Inequalities.</p> 	<ul style="list-style-type: none"> • Pension paid to formal and informal members. 	<ul style="list-style-type: none"> • Setting the minimum pension threshold at TZS 100,000.
<p>Goal No. 11: Make cities and Human settlement inclusive, safe, resilient and sustainable.</p> 	<ul style="list-style-type: none"> • Construction of properties for sale and lease. • Compliance with the city laws and regulations. 	<ul style="list-style-type: none"> • The Fund engaged in construction of affordable houses at Mtoni Kijichi, Dungu and Tuangoma, Nyerere Bridge, regional investment houses which are accessible to all. • The Fund complies with the laws, regulations and guidelines governing cities.
<p>Goal No. 12: Responsible Consumption and production.</p> 	<ul style="list-style-type: none"> • Performing an environmental impact assessment 	<ul style="list-style-type: none"> • The Fund participate in environmental impact Assessment before commencement of any project.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

Sustainable Development Goal	Fund's Strategic approach	Our quantified achievement
<p>Goal No. 13: Climate Action</p> 	<ul style="list-style-type: none"> • Sponsorship and donation to promote efforts to reduce greenhouse gas emission. 	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund provided sponsorship to Habari Development Association to support tree planting project at Mzakwe water sources in Dodoma to make it evergreen.
<p>Goal No. 15: Life on Land</p> 	<ul style="list-style-type: none"> • Sponsorship and donation to promote life on land. 	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund provided sponsorship to Habari Development Association to the amount of TZ\$ 5.00 million to support tree planting project at Mzakwe water sources in Dodoma to make it evergreen.
<p>Goal No. 16: Peace, Justice and Strong Institutions.</p> 	<ul style="list-style-type: none"> • Sponsorship and donation to support strong institution. 	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund provided sponsorship to Morogoro Judiciary to facilitate Judicial week in Morogoro.


NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.9 Societal issues (Continued)

Table 3: Global Sustainable Development Goals (SDGs) (Continued)

<p>Goal No. 17: Partnership for the Goals.</p>  <p>The logo for SDG 17, 'Partnerships for the Goals', features the number '17' in a large font, followed by the text 'PARTNERSHIPS FOR THE GOALS' in a smaller font. Below the text is a circular emblem composed of five interlocking rings.</p>	<ul style="list-style-type: none">• Investing in the government securities.• Construction and development of industries.• Providing sponsorship and donation to various entities.	<ul style="list-style-type: none">• The Fund invests in government securities, in turn the invested amount is utilized by the government to provide various social amenities intended to reduce poverty, hunger and fostering economic growth.• The Fund through its subsidiary (Mkulazi Holding Company Ltd), has created direct and indirect employment opportunities to the society. This has a stake in the reduction of hunger and poverty.
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3.9 Environmental challenges

The Fund is aware of the environmental impacts of its supply chain activities and is putting various efforts to minimize the impacts. The Fund has been implementing various strategies to address the environmental challenges such as the use of solar systems in some of its offices at NSSF Mbinga, Lushoto, Mafinga and Kilgoma to reduce environmental effect caused by the excessive use of electricity. Furthermore, the Fund is making use of appropriate computer technology to take its services closer to customers. This has a multiplier effect on the reduction of carbon dioxide emission as the customers do not have to physically visit our offices to access the service they require.

The Fund usually conducts environmental impact assessments before undertaking any construction projects and maintains tidiness of its investment and office buildings as well as its bare lands to ensure environmental protection.

3.10 Population and demographic changes

Together with the strong nominal economic growth, the country boasts one of the fastest-growing population in the world. The results of the 2022 Population and Housing Census indicate that Tanzania's population stood at 61.7 million in August 2022. According to the census results, the population increased by 37 percent between 2012 and 2022, reflecting an average annual growth rate of 3.2 percent, the third highest population growth rate in the world.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.10 Population and demographic changes (Continued)

The percentage of the working age population for Tanzania was 53.4 compared with 52.2 percent recorded in 2012 Population and Housing Census. The working age population increased by 2.2 percent between 2021 and 2022. The increase in the working age population provides an opportunity to the Fund to increase its membership base.

The elderly constitutes a minor portion of Tanzania's population. Proportion of population aged 60 years and above in Tanzania was 5.7 percent of the total population in Tanzania. Since the proportion of population aged 60 years and above is minor it is the payments of old age benefits is expected to remain stable.

3.11 Political environment

The Fund's Plans and Budgets are prepared and implemented with due regard to, among other things, the manifesto of the ruling political party (Chama cha Mapinduzi) aiming at realising aspirations of the National Development Vision 2025.

The political environment in the country is calm for the Fund to execute its mandate. There was no political interference to the Fund in exercising its mandate.

3.12 Compliance with Laws and Regulations

During the financial year 2022/23, the Fund complied with the applicable laws and regulations, policies and guidelines which have impact on the Fund's operations. These include the NSSF Act, Income Tax Act, Public Procurement Act, Public Finance Act, Occupational Health and Safety Act, the Employment and Labour Relation Act and the Public Service Act. Compliance with these laws is witnessed by non-existence of fines and penalty from regulators.

3.13 Actuarial Valuation of the Fund

The actuarial valuation is done every three years. The last valuation was for the year ended 30 June 2020. The results of the actuarial valuation of the Fund as of 30 June 2020 indicated that the Fund is able to pay benefits in the next 41 years from 2020 to 2061. More details on actuarial valuation are disclosed in Note 57 to the financial statements.

3.14 Fund's financing

The scheme is financed through contributions at the rate of 20 percent of employees' salary. The employer is required to deduct, from employees' gross salary, the amount of contribution at the rate of 10 percent of the employees' salary. The employer adds the remaining balance to make the required contribution rate of 20 percent.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.0 NATURE OF OPERATION (CONTINUED)

3.15 Fund's investments

The Fund is a partially funded scheme, running under defined benefit principles. Investment activities involve investing surplus funds after meeting the day-to-day financial obligations of the Fund with respect to the benefit payments and the operating expenditures.

3.16 Members' benefits

The benefits offered by the Fund include retirement pension, unemployment benefit, invalidity pension, survivors' pension, funeral grant, maternity benefit, employment injury benefit and social health insurance benefit. Note 1 (d) provides more details on the benefits offered by the Fund.

4.0 SERVICE PERFORMANCE INFORMATION

The Fund's Key Performance Indicators (KPIs) are reported based on the implementation of Annual Plan and Budget which is derived from the Corporate Strategic Plan 2021/22 to 2025/26. The Key Performance Indicators for the year ended 30 June 2023 are given in Table 4 below. The actual costs used in the implementation of the annual plan for the financial year 2022/23 have been reported under administration expenses in Note 19 of the financial statements.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 3: Service Performance Information

Objectives	Risk	Key Impact	Risk Mitigation	Strategies	Key performance indicators	Target	Implementation Status 2022/23	2022/23		2021/22	
								Budget (R15 '000)	Actual (R15 '000)	Budget (R15 '000)	Actual (R15 '000)
HIV/AIDS infections and non-communicable diseases reduced and supportive services improved	Inadequate knowledge of HIV/AIDS and the Non-communicable Diseases	Loss of human resource.	Undertake HIV/AIDS and Non-Communicable Diseases (NCDs) awareness in all Fund's staff.	Partner with plus HIV/AIDS and NCDs programs on behavior change	Percentage of staff attending advocacy HIV/AIDS and NCDs sessions.	At least 30 percent of staff attending voluntary HIV/AIDS testing by June 2023. 2021/22: 41 percent. 2022/23: At least 40 percent.	<ul style="list-style-type: none"> 161 staff attended voluntary HIV and AIDS testing and counselling programmes. This is 10 percent of the target of 510 staff (2021/22: 75 percent). 74 (100 percent) peer educators were deployed with awareness seminar on HIV/AIDS clinical signs symptoms prevention, screening diagnosis and supportive services to people living with HIV/AIDS (2021/22: 233; 100 percent) peer education. 	362,845	309,311	302,000	258,170
	Inadequate knowledge of HIV/AIDS and the Non-communicable Diseases	Loss of human resource.	Undertake HIV/AIDS and Non-Communicable Diseases (NCDs) awareness to all Fund's staff.		Number of awareness sessions on HIV/AIDS.	At least one HIV/AIDS awareness session to staff conducted by June 2023. 2021/22: N/A. 2022/23: At least two.	<ul style="list-style-type: none"> 1,265 members of staff attended sensitisation sessions on HIV/AIDS, NCDs, stress management and community diversity by June 2023. This is equivalent to 175 percent of the target of 1,256 staff (2021/22: 79 percent). The Fund procured 32,000 protective gears as a prevention measure in HIV/AIDS are distributed to Fund offices across the country. (2021/22: 17,000) The Fund initiated a campaign to encourage staff to confidentially disclose to staff who have been affected by HIV/AIDS to obtain care and support whereby 6 offices were subsidised out of 61 (2021/22: Nil) A total of 474 staff (including various support teams) by June 2023 (2021/22: 211 staff). 				
	Inadequate knowledge of HIV/AIDS and the Non-communicable Diseases.	Loss of human resource.	Undertake HIV/AIDS and Non-Communicable Diseases (NCDs) awareness in all Fund's staff.		Percentage of staff attending awareness sessions	At least 80 percent of staff participating in awareness session on NCDs by June 2023. 2021/22: At least 86 percent. 2022/23: At least 80 percent.					

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key performance indicators	Target	Implementation Status 2023	2022/23		2021/22	
								Budget (T\$ '000)	Actual (T\$ '000)	Budget (T\$ '000)	Actual (T\$ '000)
High/MSB infection and non-communicable diseases reduced and supportive services improved	Staff having negative lifestyle factors	Low staff morale	Frequent consultation of positive habits that lead to better lifestyle	Employee lifestyle change program involving staff.	Number of awareness session program on mental health and stress management.	At least 40 percent of staff participating in awareness session on mental health and stress management.	A total of 0-4 staff joined various upon team by June 2023 (2021/22: 231 staff)	167,805	104,507	920,000	758,100
Implementation of National Anti-corruption Strategy	Inadequate knowledge of the corruption related to Money Schemes	Financial and reputational loss	Underline and training to all Fund's staff	Implement Fund's anti-corruption Strategy	Number of fraud/corruption incidents reported.	Zero fraud/corruption incidents reported by June 2023. (2021/22: 105 fraud/corruption incidents reported.)	Conducted 20 awareness sessions on National Anti-corruption Strategy to 28 regional offices, Head Office and 16 Project Fund Offices whereby 905 staff attended awareness sessions (2021/22: 1,58)	281,632	790,807	276,450	251,313
Customer service delivery improved	Un-automated business processes	Reduced links & loss.	Underline an automation of business processes	Underline business process re-engineering and system integration.	Number of business processes automated	At least four new business processes automated by June 2023. (2021/22: At least 50 percent, 2022/24 100 percent)	Conducted 15 fraud audit detection exercises against 48 selected executives, equivalent to 83.3 percent performance (2021/22: Nil)	532,746	496,072	409,730	458,370
System availability	System availability	Finance and operational loss	Ensure systems are available on peak time.	Enhance systems availability and reliability.	Percentage of system availability	At least 95 percent of system availability achieved by June 2023. (2021/22: At least 95 percent, 2023/24: At least 95 percent)	Two (2) out of four (4) processes were fully automated and Two (2) more partially implemented (2021/22: 34 processes were automated).	265,586	199,309	217,070	159,497
Low awareness to MSB Products and Services	Low awareness to MSB Products and Services	Lead to reputational loss	Enhance the use of Relationship Management System (RMS) for complaints management.	Promote corporate image of the Fund and social security awareness.	Number of events, press releases and social media posts conducted	At least 8 media posts, press conferences and Edgework forum conducted quarterly by June 2023. (2021/22: At least 5 media post and social conference, 2021/24 Nil)	Conducted 15 media alerts in media houses against the target of 8 which was equivalent to 187.5 percent (2021/22: 55 posts (81).	203,085	199,309	212,060	159,497

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key Performance Indicators	Target	Implementation Status 2023	2022/23		2021/22	
								Budget (TZS '000)	Actual (TZS '000)	Budget (TZS '000)	Actual (TZS '000)
Membership rate increased	Inadequate performance of formal sector scheme registration	Lead to low funding level	<ul style="list-style-type: none"> Conduct compliance audit to monitor performance of the regional offices. Undertake a monthly individual performance assessment of inspectors and compliance staff. 	<ul style="list-style-type: none"> Enhance registration of employees and employers from private sector and intensifying routine and follow up inspections to extend coverage. 	Number of newly registered members.	Minimum of 266,676 new members acquired from formal sector by June 2023 (2022: 251,973 and 2021: 242,729)	<ul style="list-style-type: none"> 5,498 new employers against the target of 7,020 employers which is equivalent to 77.7 percent (2021: 22.6 percent). 88,998 new members from the formal sector against the target of 266,672 members which is equivalent to 74.6 percent (2021: 27.8 percent). 	1,142,472	1,006,756	1,050,734	941,952
		Lead to low funding level			Number of newly registered members.	Minimum of 48,800 new members registered from formal sector by June 2023 (2021: 22,000 and 2020: 12,000)	<ul style="list-style-type: none"> 44,897 members were registered against the target of 48,800 members, equivalent to 92.0 percent of the target (2021: 22: 100.6 percent). 	1,014,963	862,417	766,755	689,063
Contribution collection increased	Inadequate performance of formal sector collection	Lead to low funding level	<ul style="list-style-type: none"> Conduct compliance audit to monitor performance of regional offices Undertake a monthly individual performance assessment of inspectors and compliance staff. 	<ul style="list-style-type: none"> Enhance employer's compliance level by ensuring that registered employer's remit contribution accurately and timely 	Percentage of contribution collection from formal sector	Steadily contribution worth TZS 1,591.45 billion collected from members of the private sector by June 2023 (2021: 22: TZS 1,373.94 billion, 2022: 24: TZS 1,673.75 billion)	<ul style="list-style-type: none"> Contribution income in the mandatory scheme was TZS 1,712.51 billion against the target of TZS 1,591.45 billion which is equivalent to 76.8 percent above the annual target. 	1,852,271	2,194,575	2,446,867	2,201,375
					Percentage of contribution penalty collected.	Penalty worth TZS 9.63 billion by June 2023 (2021: 22: TZS 6,199 billion, 2022: 24: TZS 1,278,000)	<ul style="list-style-type: none"> A total of TZS 31.01 billion was collected as penalty from delayed contribution against the target of collecting TZS 3.42 billion which is equivalent to 12.86 percent (2021: 22: 33.3 percent) 				
			<ul style="list-style-type: none"> Enforce timely reporting of the inspection for delinquent cases. 		Percentage of Compliance level increment	At least 30 percent employer compliance level achieved by June 2023 (2022: 22: 41 and 2021: 24: 60 percent)	<ul style="list-style-type: none"> A total of 40,925 employers out of which 28,186 employers completed contributions in the fund at least once during the reporting period which equals 68.5 percent (2021: 22: 66.8 percent) 				

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key Performance Indicators	Target	Implementation Status 2023	2022/23		2021/22	
								Budget (T\$ '000)	Actual (T\$ '000)	Budget (T\$ '000)	Actual (T\$ '000)
Contributions collection increased	Inadequate performance of the FOSM which hindered collection	Low to low funding level.	<ul style="list-style-type: none"> Ensure proper allocation of number of employees per region to compliance officers. Ensure a follow up and clearance of delinquent cases. Introduce of different online platforms of collection of contribution. 	<p>Enhance employee's compliance level by ensuring that employees' region contribution accuracy and timely.</p> <p>Enhance inspection and set of inspection module</p>	Percentage of contribution penalty collected.	<p>53.60% contribution worth T\$ 1,291.45 billion collected from members of the private sector by June 2023. (2021/22: 125,133,94 billion, 2022/24: T\$ 1,197.25 billion)</p> <p>Penalty worth T\$ 3.5 billion by June 2023. (2021/22: T\$ 6,199 billion, 2021/24: T\$ 1.27 billion)</p> <p>At least 80 percent employee compliance level achieved by June 2023. (2021/22: 41 percent, 2022/24: 86 percent)</p>	<ul style="list-style-type: none"> Contribution increase in the Mandatory Scheme was T\$ 1,782.41 billion against the target of T\$ 1,581.65 billion, which is equivalent to 7.6 percent above the annual target (2021/22: 3.5 percent above the annual target). A total of T\$ 31.01 billion was collected as penalty from delayed contribution against the target of 1,167.96 billion, which is 2.69 percent (2021/22: 33.3 percent) A total of 40,925 employees out of which 28,190 employees remained contributions to the Fund at least once during the reporting period, which equals 68.9 percent (2021/22: 64.9 percent) 	1,552,271	2,919,575	1,448,167	2,243,375
Investment income increased	Inadequate performance of the investment collection	Low to low funding level.	<ul style="list-style-type: none"> Review the annual award with investment agreements. Conduct timely and follow up surveys and produce report. 	<p>Strengthen investment portfolio mix to maximize return on investment</p>	Annual investment income earned	<p>Achieve annual investment income of T\$ 162.51 billion by June 2023. (2021/22: T\$ 314.27 billion, 2022/24: T\$ 440.56 billion)</p> <p>At least 2.5 percent return of return achieved by June 2023. (2021/22: 2.5 percent, 2022/24: 2.5 percent)</p>	<ul style="list-style-type: none"> Actual investment income for financial year 2023/23 was T\$ 380.63 billion against the target of T\$ 583.32 billion. This is 49.2 percent of the target (2021/22: 101.5 percent of the target). During the financial year 2022/23, the Fund attained a real return of 6.32 percent (2021/22: 13.18 percent). Return on Assets (based on investment income) was 3.60 percent (2021/22: 11.07 percent). Investment expenses to investment income was 4.05 percent (2021/22: 1.64 percent). 	17,107,620	15,021,294	13,807,223	10,267,204

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key Performance Indicators	Target	2022/23		2021/22		
							Budget (T\$ '000)	Actual (T\$ '000)	Budget (T\$ '000)	Actual (T\$ '000)	
Benefits payment processes introduced	Timing and convey of benefit claims	Higher benefit payment time may lead to low-lying claim logging	Develop and include Guidelines pending claim details to identify unmet and unmet members before claim logging	Improve process efficiency of benefit payment	Benefit paid during the year	Process and pay benefit worth T\$ 828.9 billion by June 2023, 2021/22 T\$ 608.9 billion, 2022/23 T\$ 879.25 billion	239,349	1,829	411,536	383,808	
				Benefit expenses to total income	Benefit expenses to total income	The percentage of benefit expenses to total income was 14.91 percent (2021/22: 17.70 percent).					
				Benefit expenses to contribution income	Benefit expenses to contribution income	The ratio of benefit expenses to contribution income was 41.1 percent (2021/22: 46.47 percent).					
Benefit expenses to total expenses	Benefit expenses to total expenses	Benefit expenses to total expenses	Benefit expenses to total expenses	Benefit expenses to total expenses	Benefit expenses to total expenses	The ratio of benefit expenses to total expenses was 74.47 percent (2021/22: 71.75 percent).					
				Benefit expenses to total expenses	Benefit expenses to total expenses	The ratio of benefit expenses to total expenses was 40.3 percent (2021/22: 46.5 percent).					
Implement pension administration system	Implement pension administration system	Implement pension administration system	Implement pension administration system	Implement pension administration system	Percentage of claims verified during the financial year (2021/22: 90 percent, 2022/23: 90 percent)	Conduct verification of at least 90 percent of the existing claims by June 2023 (2021/22: 90 percent, 2022/23: 90 percent)	166,901	148,911	154,901	151,917	
				Implement pension administration system	Percentage of claims verified during the financial year (2021/22: 90 percent, 2022/23: 90 percent)	The Fund managed to verify 24,405 against a target of 28,820 which is equivalent to 84.68 percent (2021/22: 92.3 percent)					

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key Performance Indicators	Target	2022/23		2021/22	
							Budget (TZS '000)	Actual (TZS '000)	Budget (TZS '000)	Actual (TZS '000)
Compliance with controls and regulatory framework enhanced	Non-compliance with laws and regulations	Financial and Reputational risk	Ensure compliance with laws and regulations	Strengthen internal control systems and regulatory requirements	Compliance with the internal control procedures	100 percent compliance with the internal control procedures and regulatory requirements enhanced by June 2023. 2021/22: 100 percent. 2022/23: 100 percent.	2,141,984	1,745,027	1,646,133	1,407,480
				Enhance compliance with internal control systems and regulatory requirements	Expenditure	100 percent compliance with the internal control procedures and regulatory requirements enhanced by June 2023. 2021/22: 100 percent. 2022/23: 100 percent.	187,334	275,268	243,259	
Compliance with controls and regulatory framework enhanced	Non-compliance with laws and regulations	Financial and Reputational risk	Ensure compliance with laws and regulations	Enhance compliance with internal control systems and regulatory requirements	Percentage implementation of the annual procurement activities	100 percent compliance with the internal control procedures and regulatory requirements enhanced by June 2023. 2021/22: 100 percent. 2022/23: 100 percent.	2,141,984	1,745,027	1,646,133	1,407,480
				Enhance compliance with the Public Procurement Act and Regulations.	Percentage implementation of the annual procurement activities	100 percent compliance with the internal control procedures and regulatory requirements enhanced by June 2023. 2021/22: 100 percent. 2022/23: 100 percent.	187,334	275,268	243,259	

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4.0 SERVICE PERFORMANCE INFORMATION (CONTINUED)

Table 4: Service Performance Information (Continued)

Objectives	Risk	Risk Impact	Risk Mitigation	Strategies	Key performance indicators	Target	Implementation Status 2023	2022/23 Budget (TZS '000)	2023/24 Actual (TZS '000)	2023/24 Budget (TZS '000)	2023/24 Actual (TZS '000)
Human capital and institutional capacity enhanced.	Loss of investments into staff that perform well.	Leading to low staff morale and reduced work.	Conduct learning and development needs assessment.	Finance skills, staff performance and management.	Percentage of staff trained in their respective areas of need per Training & Development assessment.	80 percent of staff trained in their respective areas of need per Training & Development assessment, 2022/23-2023/24	During the period under review, all staff were trained in various areas of professional through seminars or workshops in line with the identified training needs analysis. This is equivalent to 100 percent of the annual training target (2022/23-2023/24).	6,975,462	3,374,855	1,614,911	662,963
	Non-adherence to Global Sustainable Development Goal No. 5 which emphasizes on gender equality and women empowerment.	Reputational loss.	Ensuring fair staff distribution by gender across stations.	Review staff welfare and improve working environment.	Distribution of staff by gender.	80 percent staff distribution by gender and work stations by June 2023.	+ As of 30 th June, 2023 the Fund has 1,831 staff of these, 981 (48.09 percent) were males, 940 (51.90 percent) females; (2021/22: 1,707 staff; 838 (49.10 percent) male, 869 (50.90 percent) female).	312,326	193,313	215,500	191,715

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES

The Fund has nine (9) strategic objectives that are expected to be achieved in the next five (5) years from 2021/22 to 2025/26. The objectives include seven objectives which relates to the Fund's mandate and two objectives which amplifies the Government's efforts to create awareness on HIV/AIDS and Non- Communicable disease and on the fight against corruption with a view to reducing related incidences.

These objectives have been coded using alphabets from A to I in line with the coding format of the Strategic Plans of the public institutions and are as summarised below:

- Objective A: HIV/AIDS infections and Non-Communicable Diseases reduced and supportive services improved;
- Objective B: Implementation of the National anti-corruption strategy enhanced;
- Objective C: Customer service delivery improved;
- Objective D: Membership size increased;
- Objective E: Contribution collection increased;
- Objective F: Investment income increased;
- Objective G: Benefits payment processes improved;
- Objective H: Compliance with controls and regulatory requirements enhanced;
- Objective I: Human capital and institutional development enhanced.

This is the second financial year of the implementation of the 7th Strategic Plan (2021/22 - 2025/26) of the Fund. The Strategic Plan is the leading instrument for planning, priority setting and decision making in the Fund. It places emphasis on strategies to be executed to achieve the strategic objectives.

The strategic objectives were implemented through cascading to the level of Directorates, Departments and each employee of the Fund. In achieving these main objectives, the Fund pursues the following strategies:

- (i) Growing membership size for both mandatory and voluntary scheme by increasing social security awareness to the general public through awareness campaigns, identify and establish strategic institutional collaborations to enforce compliance, enhance registration of employers and employees and intensifying routine and follow-up inspections;
- (ii) Enhancing contribution collection by improving employer's compliance level by ensuring that all registered employers remit contribution accurately and timely;
- (iii) Improving service delivery through staff capacity building, automation of business processes, enhancement of records management system and improving data integrity;
- (iv) Optimizing returns from investment properties and completing ongoing investment projects;
- (v) Participate in strategic investment in agriculture and Agro-processing value chains to promote industrial development initiative on value chain through collaborating with other financial institutions/stakeholders;

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

- (vi) Strengthening financial management and internal control systems to optimize contribution collections, benefit payment and returns from investments;
- (vii) Operationalization of the reviewed National Informal Sector Scheme (NISS) and supplementary scheme

The nine (9) developed strategic objectives whose implementation are summarized into short-term, medium-term and long-term periods are as detailed in Table 5 below:

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 6: Objectives and Strategies

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
A.	HIV/AIDS Infections and Non-Communicable Diseases reduced and supportive services improved	Promote work place HIV/AIDS and NCDs programs on behavior change.	At least 60% of staff attending voluntary HIV/AIDS and NCDs testing by June 2024 At least two HIV/AIDS awareness sessions to staff conducted by June 2024	At least 68% of staff attending voluntary HIV/AIDS and NCDs testing by June 2025 At least five HIV/AIDS awareness sessions to staff conducted by June 2025	At least 75% of staff attending voluntary HIV/AIDS and NCDs testing by June 2026. At least nine HIV/AIDS and NCDs awareness sessions conducted by June 2026.
		Provide care and support to staff living with HIV/AIDS and NCDs.	All staff declared living with HIV/AIDS and NCDs provided with employer support by June 2024.	Care and support to all staff living with HIV/AIDS provided by June 2025	Care and support to all staff living with HIV/AIDS provided by June 2026
B.	Effective Implementation of National Anti-Corruption Strategy Enhanced and sustained	Promote lifestyle change programs among staff.	At least one NCDs awareness session to staff conducted by June 2024.	At least five NCDs awareness sessions to staff conducted by June 2025.	At least nine NCDs awareness sessions to staff conducted by June 2026.
		Implement Fund's anti-corruption Strategy	At least 80% of staff participating in awareness sessions on NCDs by June 2024. At least one awareness program on mental health and stress management conducted by June 2024	At least 90% of staff attending NCDs awareness sessions by June 2025 At least five awareness programmes on mental health and stress management conducted by June 2025	100% of staff attending NCDs awareness sessions by 2026 At least nine awareness programmes on mental health and stress management conducted by June 2026
		Zero fraud/corruption/bribe incidences reported by June 2024	Zero fraud/corruption/bribe incidences reported by June 2025.	Zero fraud/corruption/bribe incidences reported by June 2026.	
		100% of identified fraud/corruption/bribe incidences investigated by June 2024	100% of identified fraud/corruption/bribe incidences investigated by June 2025	100% of identified fraud/corruption/bribe incidences investigated by June 2026.	

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
B.	Effective implementation of National Anti-Corruption Strategy and enhanced sustained	Promote workplace interventions on preventing and combating corruption/fraud	At least 15 workplace interventions on preventing and combating corruption/fraud implemented by June 2024 100% of staff attended internal awareness sessions on whistle blowing policy by June 2024	At least 30 workplace interventions on preventing and combating corruption/fraud implemented by June 2025 100% of staff attended internal awareness sessions on whistle blowing policy by June 2025	At least 45 workplace interventions on preventing and combating corruption/fraud implemented by June 2026 100% of staff attended internal awareness sessions on whistle blowing policy by June 2026
C.	Customer Service Delivery improved	Promote good governance practices and ethical behaviors	100% of new staff signed code of conduct by June 2024	100% of new staff signed code of conduct by June 2025	100% of new staff signed code of conduct by June 2026
		Undertake business re-engineering and system integration	100% of business automatable processes automated by June 2024	100% of business automatable processes automated by June 2025	100% of business automatable processes automated by June 2026
		Enhance system availability and reliability	100% of internally developed ICT systems integrated by June 2024 At least 95% of system availability and reliability achieved by June 2024	100% of internally developed ICT systems integrated by June 2025 At least 95% of system availability and reliability achieved by June 2025	100% of internally developed ICT systems integrated by June 2026 At least 95% of system availability and reliability achieved annually.
		Undertake business re-engineering and system integration	100% of identified business automatable processes automated by June 2024	100% of identified business automatable processes automated by June 2025	100% of identified business automatable processes automated by June 2026
		Maintain effective response to customer queries and complaints	100% of internally developed ICT systems integrated by June 2024 100% of customer complaints responded within five (5) working days by June 2024	100% of internally developed ICT systems integrated by June 2025 100% of customer complaints resolved within five (5) working days by June 2025	100% of internally developed ICT systems integrated by June 2026 100% of customer complaints resolved within five (5) working days by June 2026

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities			
			Short-Term	Medium-Term	Long-Term	
C.	Customer Service Delivery improved	Undertake monitoring and evaluation of service delivery indicators Promote corporate image of the Fund and social security awareness Promote use of social media and alternative service delivery channels Enhancement of records management system and data integrity Maintain effective response to customer queries and complaints Conduct feedback survey to determine the level of customer satisfaction.	At least one service delivery indicator evaluated by June 2024.	At least 2 service delivery indicators evaluated by June 2025.	At least 3 service delivery indicators evaluated by June 2026.	
			At least 7 offices rebranded as per rebranding plan by June 2024. 100% CSR activities implemented as per CSR policy by June 2024. 25% increase in the use of alternative service delivery channels by June 2024.	At least 14 offices rebranded as per rebranding plan by June 2025. 100% CSR activities implemented as per CSR policy by June 2025. 25% increase in the use of alternative service delivery channels by June 2025.	At least 24 offices rebranded as per rebranding plan by June 2026. 100% CSR activities implemented as per CSR policy by June 2026. 25% increase in the use of alternative service delivery channels (ASDCs) by June 2026.	
			80% of members and employers' data cleaned up by June 2024.	90% of members and employers' data clean up by December 2025.	100% of members and employers' data clean up by December 2026	
			20% digitization of all members and employer records by June 2024.	60% digitization of all members and employer records by June 2025.	100% digitization of all members and employer records by June 2026	
			At least 80% customer satisfaction score attained by June 2024.	At least 80% customer satisfaction score attained by June 2025.	At least 80% customer satisfaction score attained by June 2026	

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities			
			Short-Term	Medium-Term	Long-Term	
D.	Membership Size increased	Enhance registration of employers and employees from private sector and intensifying routine and follow-up inspections to extend coverage	At least 7,420 new registered employers by June 2024 At least 205,729 new members (mandatory scheme) registered by June 2024. At least 72,062 new members (voluntary scheme) registered by June 2024.	At least 8,420 new employers registered by June 2025. At least 411,458 members (formal sector) registered by June 2025. At least 144,124 members (informal sector) registered by June 2025.	At least 9,450 new employers registered by June 2026. At least 684,799 members (formal sector) registered by June 2026. At least 299,942 members (informal sector) registered by June 2026.	
		Identify and establish strategic institutional collaborations to enforce compliance.	At least one MoU between the Fund and other strategic institution(s) which can facilitate members registration and enforce compliance signed by June 2024.	At least 5 MoU between the Fund and other strategic institution(s) which can facilitate members registration and enforce compliance signed by June 2025.	At least 9 MoUs between the Fund and other strategic institution(s) established by June 2026.	
		Increase social security awareness to the general public through awareness campaigns and use of various media.	Prepare, design and execute at least 4 public awareness campaigns on Fund's products and services by June 2024. At least 4 public education (short programs, documentaries, testimonials) programs conducted by June 2024	At least 8 public education programs, programs conducted by June 2025. At least 6 public education (short programs, documentaries, testimonials) programs conducted by June 2025.	At least 12 public education programs, programs conducted by June 2026. At least 12 public education programs, programs conducted by June 2026.	
			25% of awareness program budget allocated for informal sector initiatives by June 2024	25% of awareness program budget allocated for informal sector initiatives by June 2025.	25% of awareness program budget allocated for informal sector initiatives by June 2026.	

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
E.	Contributions Collection increased	Enhance employer's compliance level by ensuring that registered employers remit contribution accurately and timely.	At least TZS 1,973.25 billion contribution collected from mandatory scheme by June 2024. At least TZS 15.99 billion contribution collected from NISS and supplementary scheme by June 2024. At least TZS 3.27 billion worth of penalty collected by June 2024. At least 80% employer compliance level attained by June 2024.	At least TZS 1,973.25 billion contribution collected from mandatory scheme by June 2025. At least TZS 31.98 billion contribution collected from NISS and supplementary scheme by June 2025. At least TZS 3.44 billion worth of penalty collected by June 2025. At least 80% employer compliance level attained by June 2025.	At least TZS 6,760.21 billion contribution collected from formal sector by June 2026. At least TZS 56.01 billion contribution collected from NISS and supplementary scheme by June 2026. At least TZS 3.62 billion worth of penalty collected by June 2026. At least 80% employer compliance level attained by June 2026.
		Enhance recovery of contribution receivables	TZS 209.21 billion of contribution receivable recovered by June 2024 100% of reported noncomplying employers (cases) instituted for legal measures within 30 days. At least 80% of deeds of settlement implemented by June 2024. At least 80% of receivables for cases which ruled in favor of the Fund are recovered by June 2024.	TZS 209.21 billion of contribution receivable recovered by June 2025 100% of reported noncomplying employers (cases) instituted for legal measures within 30 days. At least 80% of deeds of settlement implemented by June 2025. At least 80% of receivables for cases which ruled in favor of the Fund are recovered by June 2025.	TZS 455.56 billion of contribution receivable recovered by June 2026 100% of reported noncomplying employers (cases) instituted for legal measures within 30 days At least 80% of deeds of settlement implemented by June 2026 At least 80% of contribution from cases which ruled in favor of Fund are recovered by June 2026
		Enhance inspection and use of inspection module	At least 80% degree of inspection attained by June 2024. At least 90% of all inspections performed through inspection module by June 2024.	At least 80% degree of inspection attained by June 2025. At least 90% of all inspections performed through inspection module by June 2025.	At least 80% degree of inspection attained by June 2026. At least 90% of all inspections performed through inspection module by June 2026.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
F.	Investment income increased	Strengthen investment portfolio mix to maximize return on investment	At least TZS 440.56 billion of actual investment income realized by June 2024 At least 2.50% of real rate of return realized by June 2024.	At least TZS 440.56 billion of actual investment income realized by June 2025 At least 2.50% of real rate of return realized by June 2025.	TZS 1,519.11 billion actual income collected from investments by June 2026 At least 2.50% of real rate of return realized by June 2026.
		Enhance recovery of outstanding loans (other than loans to the Government)	TZS 60.04 billion from outstanding loan recovered by June 2024.	TZS 120.08 billion from outstanding loan recovered by June 2025	TZS 225.35 billion of outstanding loan recovered by June 2026
		Enhance rent collection and recovery of outstanding rent	TZS 8.04 billion of outstanding rent recovered by June 2024.	TZS 16.08 billion of outstanding rent recovered by June 2025.	TZS 24.12 billion of outstanding rent recovered by June 2026
		Optimize returns from investment properties and undertaking prudent investment	At least 85% occupancy rate attained by June 2024 At least 95% of ongoing projects completed by June 2024.	At least 90% occupancy rate attained by June 2025 At least 98% of ongoing projects completed by June 2025.	At least 100% occupancy rate attained by June 2026 100% of ongoing projects completed by June 2026
		Enhance toll collection and internal controls at Nyerere Bridge.	At least 80% renovation of investment properties is completed by June 2024. TZS 15.60 billion toll collected from Nyerere Bridge by June 2024	At least 90% renovation of investment properties is completed by June 2025. TZS 31.20 billion toll collected from Nyerere Bridge by June 2025	100% renovation of investment properties completed by June 2026 TZS 42.10 billion toll collected from Nyerere Bridge by June 2026

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
F.	Investment income increased	Identify potential avenues for investment in agriculture and agro-processing value chains.	At least one industrial avenue identified and supported by June 2024.	At least two industrial avenue identified and supported by June 2025.	At least three industrial avenue identified and supported by June 2026.
G.	Benefits payment processes improved	Improve process efficiency on benefit payment	TZS 1,002.31 billion benefits paid by June 2024 Initiate and complete processing benefits claims within 30 days by June 2024 At least 50% of benefit claims submitted online by June 2024	TZS 2,004.62 billion benefits paid by June 2025 Initiate and complete processing benefits claims within 30 days by June 2025 At least 75% of benefit claims submitted online by June 2025	TZS 3,006.92 billion benefits paid by June 2026 Initiate and complete processing benefit claims within 30 days by June 2026 100% of benefit claims submitted online by June 2026
H.	Compliance with Controls and Regulatory Framework Enhanced	Improve pension administration system	At least 90% of existing pensioners verified by June 2024	At least 90% of existing pensioners verified by June 2025	At least 90% of existing pensioners verified by June 2026
		Strengthen institutional compliance on controls and regulatory requirements Enhance Board efficiency and governance framework.	TZS 133.2 billion of monthly pension paid by June 2024 100% compliance on internal policies, legal and regulatory framework by June 2024	TZS 266.4 billion of monthly pension paid by June 2025 100% compliance on internal policies, legal and regulatory framework by June 2025	TZS 432.85 billion of monthly pension paid by June 2026 100% compliance on internal policies, legal and regulatory framework attained by June 2026
			At least four Board meeting and four board committees meeting conducted by June 2024	At least 8 Board meeting and 8 board committees meeting conducted by June 2025	At least 12 Board meeting and 12 board committees meeting conducted by June 2026

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategies	Strategic Activities		
			Short-Term	Medium-Term	Long-Term
H.	Compliance with Controls and Regulatory Framework Enhanced	Enhance board efficiency and governance framework. Enhance internal audit control environment	Board performance evaluation conducted by June 2024 At least 80% of audit recommendations resolved by June 2024 At least 11 consulting assurance sessions conducted by June 2024 100% PPRA score attained by June 2024	2 Board performance evaluation exercises conducted by June 2025 At least 90% of audit recommendations resolved by June 2025 At least 22 consulting assurance sessions conducted by June 2025 100% PPRA score attained by June 2025	3 Board performance evaluation exercises conducted by June 2026 At least 100% of audit recommendations implemented by June 2026 At least 33 consulting assurance sessions conducted by June 2026 100% of PPRA score attained by June 2026
		Improve procurement cycle time while adhering to the Public Procurement Legislations	100% Annual Procurement Plan implemented by June 2024	100% Annual Procurement Plan implemented by June 2025	100% of Annual Procurement Plan implemented by June 2026
		Enhance enterprise risk management	At most 14 score of risk tolerance is attained by June 2024 At least one disaster recovery test conducted by June 2024	At most 14 score of risk tolerance is attained by June 2025 At least 2 disaster recovery tests conducted by June 2025	At most 14 score of risk tolerance attained by June 2026 At least 3 disaster recovery tests conducted by June 2026
I.	Human capital and Institutional Development Enhanced	Enhance skills, staff performance and management	At least 80% of staff trained based on Training Needs Assessment by June 2024. At least 80% of employees' performance appraisal score attained by June 2024.	At least 80% of staff trained based on Training Needs Assessment by June 2025 At least 80% of employees' performance appraisal score attained by June 2025.	At least 80% of staff trained based on training need assessment by June 2026 At least 80% of employees' performance appraisal score attained by June 2026.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5.0 OBJECTIVES AND STRATEGIES (CONTINUED)

Table 5: Objectives and Strategies (Continued)

No.	Objectives	Strategic Activities			
		Strategies	Short-Term	Medium-Term	Long-Term
1.	Human capital and Institutional Development Enhanced	Enhance skills, staff performance and management	Office renovation plan developed by June 2024 At least 80% of employees' satisfaction score attained by June 2024.	Office renovation plan developed by June 2025 At least 80% of employees' satisfaction score attained by June 2025	Office renovation and construction plan developed by June 2026 At least 80% of employees' satisfaction score attained by June 2026
		Undertake review of organization structure Improve service delivery through culture and change management programs	Organization structure reviewed by June 2024 80% of staff participating in culture and change management program by June 2025.	Organization structure reviewed by June 2025 90% of staff participating in culture and change management program by June 2025.	Organization structure reviewed by June 2026 100% of staff participating in culture and change management program by June 2025.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

6.0 STAKEHOLDERS RELATIONSHIP

The Fund continued to maintain good relationship with its key stakeholders including the Government and its Ministries, Regulators, Authorities, Members, Labour union, Employers, Employees, Suppliers, Contractors, Bank of Tanzania, Tanzania Revenue Authority and Commercial banks.

The Trustees believe that members service is the primary reason for the existence of the Fund. Several measures have been taken to institute a responsible behaviour towards members of the Fund and other stakeholders. These measures include the establishment of customer service culture programs, reducing customer complaints and members' benefit processing time by developing and upgrading internal systems and further integrating them with other stakeholders' systems.

The key concerns and the value we create to stakeholders are as detailed in Table 6 below:

Table 7: Stakeholder Relationship

No.	Stakeholder	Key Concerns	Value We Create
1.	Government and its Ministries.	<ul style="list-style-type: none"> • Effective and efficient administration and control of the Fund. • Good service to Fund's members. • Support Government initiatives. • To receive information concerning the members on registration, contribution and benefit payment status. • Sustainability of the Fund. 	<ul style="list-style-type: none"> • Improve healthier relationship with Ministries and the Government. • Improve communication and feedback mechanism.
2.	Regulators and Authorities: Treasury Registrar, BOT, TRA, PPRA, NBAA, OSHA.	<ul style="list-style-type: none"> • Compliance with relevant statutes, regulations, guidelines, circulars and directives. • Frequent engagement with the Fund to discuss emerging issues. 	<ul style="list-style-type: none"> • Enhance Fund's good reputation with different regulatory and supervising authorities. • Minimize the penalty risk.
3.	Members: <ul style="list-style-type: none"> • Pensioners & Survivors. • Contributing members. 	<ul style="list-style-type: none"> • Excellent service delivery and effective complaints management systems. • Timely payment of benefits. • Timely update of contribution records. 	<ul style="list-style-type: none"> • Improving service delivery. • Improving standard pensioners/members' standard of living.
4.	Labour union: TUCTA/TUICO/ATE.	<ul style="list-style-type: none"> • Timely and quality service. • Employees' rights to form and join trade unions. • Compliance with labor laws. • Employees' welfare/reward. 	<ul style="list-style-type: none"> • Creating harmonious relations with employees, Trade Unions and the public. • Increasing efficiency and effectiveness.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

6.0 STAKEHOLDERS RELATIONSHIP (CONTINUED)

Table 6: Stakeholder relationship (Continued)

No.	Stakeholder	Key Concerns	Value We Create
5.	<ul style="list-style-type: none"> • Service providers including suppliers, contractors and consultants. • Financial Institutions (Banks and Non-Banks). 	<ul style="list-style-type: none"> • Fair and transparent tendering processes. • Implement effective contracts management and agreements. • Timely payment of bills. • Receiving feedback on delivered goods and rendered services. • Custodianship. 	<ul style="list-style-type: none"> • Building good business relationships. • Enhance trust between the Fund and the Service providers/financial Institutions.
6.	Employers.	<ul style="list-style-type: none"> • To receive information concerning the members information on registration, contribution, and benefit payment status. • Sustainability of the Fund. 	<ul style="list-style-type: none"> • Create common understanding between the Fund and employers on the important issues concerning members' registration, contributions remittances and benefit payments.
7.	Employees	<ul style="list-style-type: none"> • Timely provision of staff welfare. • Good working condition. • Rewarding employees for the value they add. • Stable and progressive institution. • Timely payments of employees' entitlements. 	<ul style="list-style-type: none"> • Increasing efficiency and effectiveness • Developing and improving harmonious relationships between the Fund and the employees.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW

(a) Membership position

As at 30 June 2023, the number of participating employers was 40,925 (2021/22: 36,923) and the Fund membership consisted of:

- (i) 1,100,787 (2021/22: 992,713) members from the formal sector and 88,435 (2021/22: 46,470) from the informal sector who are actively contributing to the Fund; and
- (ii) 28,820 (2021/22: 25,608) retirees and beneficiaries receiving monthly pension and 1,596 (2021/22: 718) deferred pensioners.

(b) Members' contributions

During the year 2022/23, contribution remittances amounted to TZS 1,712.61 billion (2021/22: TZS 1,419.71 billion). This is an increase of 20.63%. The increase in contribution was mainly due to the recruitment of new members.

(c) Income from investments

The Fund maintains various investment income streams. The major sources of income from investments are: interest from Government securities, interest from long term loans, interest from fixed deposits, dividend income, and rental income from Fund's owned residential and commercial buildings, gains from selling of the acquired plots and houses and tolls from Nyerere Bridge.

Net income from the investments during the financial year 2022/23 amounted to TZS 425.94 billion (2021/22: TZS 745.37 billion). This is a decrease of 42.86%. The decrease in income from investments was a result of a decrease in fair value of the financial assets, associates and investment properties as compared to the financial year 2021/22.

The actual income from investments during the financial year 2022/23 was TZS 380.39 (2021/22: TZS 315.92). This is an increase of 20.41%. The increase in real income was a result of increase in the investments in financial assets.

Details of the investment income are tabulated in table 7 below:

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

{c) Income from investments (Continued)

Table B: Details of the Investment Income

	30 June 2023 TZ\$ '000	% of the total income	30 June 2022 TZ\$ '000	% of the total income
<u>Interest income</u>				
Treasury Bond	319,746,875	75.07	264,817,897	35.53
Treasury Bills	-	0.00	-	-
Corporate Bond	1,391,041	0.33	203,716	0.03
Long term loans	3,603,349	0.85	3,604,213	0.48
Placement with banks	26,792,081	6.29	21,274,713	2.85
Other Interest income	473,618	0.11	199,617	0.03
Sub Total	352,006,964	82.65	290,100,156	38.92
<u>Dividend income</u>				
Listed equities	3,864,959	0.91	2,067,906	0.28
Unlisted Equities	694,755	0.16	661,448	0.09
Sub Total	4,559,714	1.07	2,729,354	0.37
<u>Rental income</u>				
Commercial office spaces	6,527,494	1.53	7,151,699	0.96
Commercial Residential houses	1,598,054	0.38	1,068,428	0.14
Workers houses	110,332	0.03	102,436	0.01
Warehouses	1,371,515	0.32	925,906	0.12
Service charges	-	0.00	10,686	-
Refund of rent paid	(170)	0.00	(5,744)	-
Sub Total	9,607,225	2.26	9,253,411	1.23
<u>Other investment income</u>				
Nyerere Bridge Toll Collection	13,333,088	3.13	13,686,229	1.84
Nyerere bridge construction revenue	311,201	0.06	12,136,227	1.63
Gain from sale of plots and houses	882,699	0.21	146,374	0.02
Sub Total	14,526,988	3.40	25,968,830	3.49
Investment expenses	(17,298,388)	-4.06	(12,191,174)	-1.64
Fair value changes	62,539,651	14.68	429,511,241	57.62
	425,942,154	100.00	745,371,818	100.00

The Investment Income category that has significant impact on the overall investment income are interest income which contributes 82.64% of the total investment income (2022/23: 38.92%).

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(c) Income from investments (Continued)

Fair Value Changes

During the year, the Fund recorded in aggregate a fair value gain amounting to TZS 62.54 billion (2021/22: a fair value gain amounting to TZS 429.51 billion).

Table 9: Changes in Fair Values

Category	30 June 2023	30 June 2022
	TZS '000	TZS '000
Fair value gain on financial assets	(24,026,090)	224,259,735
Increase/(Decrease) in the value of tradable inventories	(4,640,823)	86,312,501
Increase in fair value of investment properties	74,838,262	131,464,983
Increase/(Decrease) in fair value of associates	5,237,810	3,224,059
Increase/(Decrease) in fair value of subsidiaries	11,130,492	(15,750,037)
	62,539,651	429,511,241

(d) Benefit payments

During the financial year 2022/23, total benefit payments were TZS 738.61 billion compared to TZS 659.77 billion in the financial year 2021/22. The increase in benefit payments is 11.95% and was mainly driven by increase in the unemployment and the retirement benefits during the year. The increase in unemployment benefits was due to the increase in the members' awareness about the benefit. The increase in retirement benefits was due the increase in retirement by the qualified members. The increase in the number of members who qualified for retirement benefits increased to 28,820 from 25,608 in the financial year ended 30 June 2022.

Table 10: Benefit Expenses

	30 June 2023		30 June 2022	
	TZS '000	% of the total benefits	TZS '000	% of the total benefits
Old age benefit	110,475,961	14.96	97,172,122	14.73
Survivor benefit	18,473,143	2.50	18,950,425	2.87
Invalidity benefit	133,679	0.02	408,516	0.06
Maternity benefit	16,406,803	2.22	13,861,883	2.10
Funeral grants	19,884	0.00	24,320	0.01
Unemployment benefit	391,037,486	52.94	382,019,245	57.90
Health Insurance	39,169,724	5.30	28,248,832	4.28
Retirement monthly pensions	132,794,167	17.98	102,875,099	15.59
Death Grants	3,184,795	0.43	3,819,768	0.58
Surrender Value Benefit	17,480,777	2.37	11,777,565	1.79
Refund of contribution	9,432,676	1.28	608,358	0.09
	738,609,095	100.00	659,766,133	100.00

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(d) Benefit payments (Continued)

Benefit expenses that had significant impact on overall benefit expenditure are the unemployment benefit which had 52.94% of the total benefit expenditure, retirement monthly pensions which had 17.98% and old age benefit which had 14.96% (2022/23: 57.90%, 15.59% and 14.73% in that order).

Table 11: The ratio of benefits to contributions

Year Ended	Contributions	Benefits	Net surplus	Benefits/ Contributions
	TZS '000	TZS '000	TZS '000	%
30 June 2023	1,712,607,300	738,609,095	973,998,205	43.13
30 June 2022	1,419,707,758	659,766,133	759,941,626	46.47

(e) Other Income

Other income includes incomes emanating from foreign currency exchange dealings, gain on disposal of assets and other receipts received from time to time. Other income during the year amounted to TZS 3,060.63 million as compared to TZS 537.03 million recorded in 2021/22 hence an increase of 469.92%. The increase in other income was due to increase in foreign currency exchange rates.

(f) Operating Expenditure

Total operating expenditure amounted to TZS 240.68 billion as compared to TZS 260.37 billion recorded in 2021/22. This is a decrease of 7.56% and was mainly due to decrease in impairment of receivables.

The ratio of administrative expenses to total contributions was 9.03% which is less than the regulatory threshold of 10%. In the year ended 30 June 2022, this ratio was 8.40%. Administrative expenses used in the ratio computation excludes cost emanating from estimations such as impairment, depreciation, amortization and long-term staff costs.

Further analysis of administrative expenses is as detailed in Table 11 below.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(f) Operating Expenditure (Continued)

Table 12: Analysis of administrative expenses

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Expenses incurred		
Administration expenses ¹	150,042,453	119,281,648
Other charges	4,589,409	522,677
	<u>154,631,862</u>	<u>119,804,325</u>
Estimated Expenses		
Impairment on assets ²	41,656,836	90,983,835
Depreciation and amortisation expenses	7,431,580	10,162,734
Nyerere bridge costs	311,201	12,136,227
Employees benefit expenses	35,941,947	26,963,899
Interest on lease liability	432,825	321,727
	<u>85,774,389</u>	<u>140,568,422</u>
Total administration expenses	<u>240,406,251</u>	<u>260,372,747</u>
¹Analysis of administrative expenses		
Personnel expenses ³	106,712,041	82,165,909
Member administration expenses	6,358,812	5,353,901
Office expenses	11,428,989	10,500,475
Travelling expenses	4,896,533	4,904,762
Cleaning expenses	612,473	413,004
Training expenses	1,508,477	1,210,681
Maintenance and running expenses	5,155,620	4,101,526
Seminar and conference	2,678,041	2,321,321
Board of Trustees remuneration	92,470	89,500
Board of Trustees administration expenses	402,369	284,532
Tender Board expenses	694,959	664,031
Auditor's remuneration	901,976	810,682
Promotion and publicity expenses	2,065,284	1,438,649
Donations	2,605,019	1,884,523
Fees and other charges	2,943,399	2,636,992
Other expenses	985,991	501,160
	<u>150,042,453</u>	<u>119,281,648</u>

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(f) Operating Expenditure (Continued)

Table 11: Analysis of administrative expenses (Continued)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>TZS'000</u>	<u>TZS'000</u>
¹Analysis of Personnel expenses		
Staff salaries	62,101,923	48,708,651
Temporary staff salaries	300	3,345
Staff Pension contributions	9,311,169	7,668,830
Workers' compensation Fund contribution	379,446	302,327
Skills and Development Levy	3,465,646	2,828,267
Acting allowance	66,825	81,677
Terminal benefits	73,976	172,935
Overtime allowance	502,085	815,779
Housing allowance	12,705,309	10,107,709
Accrued leave expenses	5,624,327	4,349,101
Staff medical expenses	8,784,870	3,646,933
Staff welfare	3,577,020	2,812,542
Staff uniforms	119,145	667,813
	<u>106,712,041</u>	<u>82,165,909</u>
²Analysis for Impairment on assets		
Finance lease receivable	8,517,309	(3,060,872)
Members' contributions and penalty receivable	31,287,146	107,846,830
Staff loans and advances	1,495,220	(7,169,385)
Rent receivable	457,239	1,833,438
RITA Receivables	-	(3,949,367)
Kigamboni bridge receivables	(1,743,327)	(4,516,809)
VAT Receivables	43,954	-
Long term loans	1,599,295	-
	<u>41,656,836</u>	<u>90,983,835</u>

(g) Investment performance

Table 12 below indicates investment portfolio and the limits as per regulatory requirements of investment guidelines imposed by the Central Bank of Tanzania (BOT) under Social Security Scheme Investment Guidelines as at 30 June 2023 and 30 June 2022. The allocation limit to each investment category has been calculated as a percentage to total investment portfolio. The Fund developed its Investment Policy in line with the regulatory requirements.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

Table 13: Fund's Investment portfolio as at 30 June 2023 and as at 30 June 2022

S/N	Particular	30 June 2023 TZS '000'	Allocation limit (%)	30 June 2022 TZS '000'	Allocation limit (%)	Approved Allocation
1.	Fixed income assets					
	Deposits with Banks and financial institutions	277,929,635	4	223,578,323	4	0 - 35
	Investment in corporate bonds	20,456,882	0	10,332,985	-	0 - 20
	Investment in government securities	2,886,131,176	42	2,566,907,215	45	20 - 70
	Investment in long term loans ¹	1,093,119,258	16	844,800,803	15	0 - 10
	Sub - Total	4,277,636,951		3,645,619,326		
2.	Equities					
	Investment in associate and subsidiaries	382,673,548	6	247,583,491	4	0 - 15
	Investment in equities	128,442,376	2	90,638,128	2	0 - 20
	Sub- Total	511,115,924		338,221,619		
3.	Licensed collective Investment (Mutual fund investment)	22,003,946	-	15,114,966	-	0 - 30
4.	Real Estate					
	Income earning property	854,201,785	12	819,789,730	14	0 - 30
	Non-income earning property ¹	942,994,021	13	580,386,769	11	0 - 5
		1,767,195,806		1,400,176,499		
5	Infrastructure investment²	265,559,082	5	268,056,426	5	0 - 25
	Grand Total	6,863,511,709		5,687,188,836		

¹ Investment assets in which the limits are exceeded.

² Infrastructure investment includes the Service Concession Assets of TZS 150.23 billion (2021/22: TZS 166.22 billion) and long-term loan to the Government relating to the Myerere Bridge investment amounting to TZS 135.33 billion (2021/22: TZS 121.84 billion).

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

Note: The investment assets used in the calculation of the ratios are net of fair value changes.

The Board of Trustees has decided not to make further investments in the classes of investments where limits have been exceeded until when investment in such investment categories are reduced to the prescribed limits.

In the financial year 2023/24 the Fund plans to invest TZS 1,314.33 billion in different investment portfolio. Table 13 below indicates the amount of funds to be spent in fixed income, equities, real estate and infrastructure investment in the financial year ending 30 June 2024.

Table 14: Expected future investment expenditure in the financial year 2023/24

S/N	Particulars	30 June 2024	
		TZS '000'	% of investible fund
1	Fixed income assets		
	Deposits with banks and financial Institutions	195,000,000	15
	Corporate bonds	25,000,000	2
	Government debt securities	588,917,140	45
	Sub - Total	808,917,140	
2	Equities		
	Investment in subsidiaries	50,000,000	4
	Equity investment	58,943,727	4
	Sub- Total	108,943,727	
3	Real estate	388,236,767	29
4	Infrastructure investment	8,227,811	1
	Grand Total	1,314,325,445	100

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

The movement of the year-end balances for Investment assets is explained as follows.

(i) Government securities

Total value in Government securities as at 30 June 2023 was TZS 2,886.13 billion (2021/22: TZS 2,566.91 billion) representing an increase of 12.47%. The increase during the year was mainly due to a new investment of TZS 560.84 billion (2021/22: TZS 492.89 billion), accrued interest during the year of TZS 309.21 billion (2021/22: TZS 264.82 billion). Maturity on Government securities during the year was TZS 91.06 billion (2021/22: TZS 37.40 billion).

Note 29 to the financial statements provides more details on the movement in Government securities.

(ii) Listed equities investment

Total value in Listed equities investment as at 30 June 2023 was TZS 86.18 billion (2021/22: TZS 79.86 billion) hence an increase of 7.91 percent. The increase during the year was mainly due to a new investment of TZS 3.44 billion (2021/22: Nil) and increase in fair value of the listed equities to the tune of TZS 2.88 billion (2021/22: 4.36 billion).

Table 15: List of listed equities investment

DETAILS	Number of Shares	% Ownership	30 June 2023 TZS '000	Net Change TZS '000	30 June 2022 TZS '000
TOL Gases Limited	40,000	0.07	26,000	4,000	22,000
Tanzania Breweries Limited (TBL)	1,200,624	0.41	13,086,802	-	13,086,802
Tanga Cement Company Limited (SIMBA)	1,153,842	1.81	2,076,915	392,306	1,684,609
Swissport Tanzania Plc (DAHACO)	1,915,508	5.32	2,873,262	612,963	2,260,299
Tanzania Portland Cement Company Limited (TPCCL)	2,224,968	1.24	8,898,272	622,879	8,275,393
CRDB Bank Plc	14,675,766	0.56	6,897,610	1,027,304	5,870,306
NMB Bank Plc	2,535,414	0.32	8,823,241	3,854,449	4,968,792
TPS Eastern Africa (Serena) Limited	1,943,956	1.07	375,303	(196,371)	571,674
Vodacom Plc	55,999,990	2.50	43,119,992	-	43,119,992
Total			86,177,397	6,317,530	79,859,867

Note 26 to the financial statements provides more details on the movement in listed equities investment.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

(iii) Unlisted equities investment

Total value in unlisted equities investment as at 30 June 2023 was TZS 42.26 billion (2021/22: TZS 10.78 billion) hence an increase by 292.02%. The increase in unlisted equities investment was due to additional investment in shares of TZS of TZS 25.78 (2021/22: Nil) billion to Eastern and Southern African Trade and Development Bank (TDB) and increase in fair value of the unlisted equities to the tune of TZS 5.59 billion (2021/22: a decrease of 12.78 billion)

Table 16: List of unlisted equities investment

DETAILS	30 June 2023	Net Change	30 June 2022
	TZS '000	TZS '000	TZS '000
Azania Bank Limited - Preference shares	-	(55,555)	55,555
Jubilee Health Insurance Company of Tanzania Limited	1,426,493	(999,260)	2,425,753
Jubilee Life Insurance Company of Tanzania Limited	610,470	284,351	326,119
Jubilee General Insurance Company of Tanzania Limited	995,717	995,717	-
Tanzania National Re-Insurance Corporation Limited	10,334,916	2,466,080	7,868,836
Watumishi Housing Company Limited	3,936,975	3,834,977	101,998
Eastern and Southern African Trade and Development Bank (TDB)	24,960,407	24,960,407	-
Total	42,264,978	31,486,717	10,778,261

(iv) Investment in long term loans

The loans portfolio balance as at 30 June 2023 stood at TZS 1,093.12 billion (2021/22: TZS 844.80 billion). The increase in loans balance accrued interest and reclassification of Nyerere bridge receivable balance from other receivable to long term loan. The reclassification was a result of the Government's decision to repay the receivable along with other loans in form of non-cash bonds. During the year, the Fund managed to collect TZS 2.22 billion (2021/22: TZS 1.86 billion) from long terms loans.

Table 17: Summary of long-term loans investment

DETAILS	30 June 2023	Net changes	30 June 2022
	TZS '000	TZS '000	TZS '000
Loans provided to Government Projects	611,808,849	148,081,902	463,726,947
Corporate loans guaranteed by the Government	89,214,144	(424,442)	89,638,586
Loans to Companies	61,794,012	(1,294,950)	63,088,962
Loans to Savings and Credit Cooperative Society	27,163,518	(123,430)	27,286,948
Loans to Members of National Assembly	1,229,907	(134,402)	1,364,309
Accrued interest	708,958,482	1,869,105	707,089,377
Sub Total	1,500,168,912	147,973,783	1,352,195,129
Accumulated fair value loss	(407,049,654)	160,344,672	(507,394,326)
Total	1,093,119,258	248,318,455	844,800,803

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

(iv) Investment in long term loans (Continued)

Note 34 to the financial statements provides more details on the movement in long-term loans.

(v) Investment in Mutual Funds

These are the investments made in the collective schemes. As at 30 June 2023, the Fund invested in three (3) collective investment schemes which are Unit Trust of Tanzania (UTT), Watumishi (REITS) Units and Watumishi Housing Faida Fund Investment. The total value in mutual fund investments as at 30 June 2023 was TZS 22.00 billion (2021/22: TZS 15.11 billion) hence an increase by 45.60%. The increase in mutual fund investments was due to additional investments of TZS 5.21 billion in Watumishi Housing Faida Fund Investment.

Table 18: List of Collective Investment Schemes

DETAILS	30 June 2023	Net change	30 June 2022
	TZS '000	TZS '000	TZS '000
Unit Trust of Tanzania (UTT)	5,964,832	599,866	5,364,966
Watumishi (REITS) Units	10,827,594	1,077,594	9,750,000
Watumishi Housing Faida Fund Investment	5,211,520	5,211,520	-
Total	22,003,946	6,888,980	15,114,966

(vi) Investment in associates

As at 30 June 2023, the Fund had four (4) associates with a total balance of TZS 76.88 billion (2021/22: four (4) associates, TZS 71.58 billion) hence a decrease by 7.70%. The increase in associates was mainly due to gain in fair value of associates.

Table 19: List of associates

DETAILS	% of Ownership	30 June 2023	Net Change	30 June 2022	Fair value/ impairment	1 July 2022
		at fair value TZS '000	TZS '000	at fair value TZS '000	TZS '000	at cost TZS '000
Azania Bank Limited	27.98	58,985,144	5,233,917	53,751,227	1,798,621	51,952,606
Ubungu Plaza Limited	35.00	17,890,297	59,448	17,830,849	5,347,823	12,483,026
Katani Limited ¹	49.00	-	-	-	(15,680,000)	15,680,000
Pensions Property Limited ¹	37.00	-	-	-	(3,500)	3,500
Total		76,875,441	5,293,365	71,582,076	(16,537,056)	80,119,132

¹The amount invested in Katani Limited and Pension Properties Limited have been fully impaired.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

(vii) Investment in subsidiaries

As at 30 June 2023, the Fund has two (2) subsidiaries with a total balance of TZS 305.80 billion. (2021/22: 176.00 billion) hence an increase by 73.75%. The net increase in financial year 2022/23 was TZS 129.80 billion (2021/22: TZS 4.41 billion) as a result of additional capital injection of TZS 118.67 to Mkulazi Holding Company Limited and fair valuation gain of TZS 11.13 billion during the period.

Table 20: List of subsidiaries

DETAILS	% of Ownership	30 June 2023	Net Change	30 June 2022	Accumulated	1 July 2022
		at fair value		at fair value	fair value	at cost
		TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Mkulazi Holding Company Limited	96.00	279,026,744	135,895,801	143,130,943	(17,171,695)	160,302,638
Sisalana Tanzania Company Limited	100.00	26,771,363	(6,099,110)	32,870,473	5,827,493	27,042,980
Total		305,798,107	129,796,691	176,001,416	(11,344,202)	187,345,618

(viii) Investment properties

As at 30 June 2023, the balance on investment properties was TZS 1,045.54 billion (2021/22: TZS 1,171.79 billion) hence and decrease of 10.77%. The decrease was mainly due to reclassification of some properties to tradable inventories.

Note 36 to the financial statements provides additional details on the movement in the investment properties.

(ix) Deposits with bank and financial institutions

The total value of deposits with bank and financial institutions as at 30 June 2023 was TZS 277.93 billion (2021/22: TZS 223.58 billion) representing an increase of 24.31%. The increase during the year was mainly due to new investment of TZS 270.89 billion (2021/22: TZS 196.73 billion). Accrued interest during the year of TZS 26.79 billion (2021/22: TZS 21.27 billion). During the year, there was a maturity of TZS 221.91 billion (2021/22: TZS 140.59 billion).

Note 25 to the financial statements provides additional details on the movement in the investment properties.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(g) Investment performance (Continued)

(x) Corporate bonds

Total value in corporate bonds as at 30 June 2023 was TZS 20.59 billion (2021/22: TZS 10.33 billion) representing an increase of 99.32%. The increase during the year was mainly due to a new investment of TZS 10.00 billion made during the year (2021/22: TZS 10.00 billion) and accrued interest during the year of TZS 1.39 billion (2021/22: TZS 0.20 billion).

Note 30 to the financial statements provides additional details on the movement in the corporate bonds.

(xi) Tradable inventories

Tradable inventories are assets that are available for sales. These include houses and plots. As at 30 June 2023, the Fund had TZS 721.65 billion in tradable inventories (2021/22: TZS 228.39 billion) hence an increase of 215.97%. The increase in tradable inventories was mainly due to reclassification of Dege Eco village project amounted to TZS 245.34 billion and recognition of additional construction costs of TZS 241.01 billion. In the tradable inventories, houses had 195.54 billion (2021/22: TZS 200.54 billion), plots had TZS 21.62 billion (2021/22: TZS 12.70 billion) and work in progress had TZS 504.50 billion (2021/22: 15.15 billion).

Note 35 to the financial statements provides additional details on the movement in the tradable inventories.

(h) Assets other than investment assets

Assets other than investment assets include cash and cash equivalents, finance lease receivables, prepayments and other receivables, contributions and penalty receivables, stationery and consumables, right-of-use-assets, property and equipment, intangible assets, and corporation tax recoverable and deferred tax asset. A complete list of other assets is as detailed in table 20 below.

Table 21: List of other assets

List of other assets	30 June 2023		30 June 2022	
	TZS '000	% of total	TZS '000	% of total
Cash and cash equivalents	96,358,966	10.81	156,645,480	22.42
Finance lease receivables	21,461,299	2.41	25,704,808	3.68
Contributions and penalty receivables	507,349,891	56.89	210,727,961	30.16
Prepayments and other receivables	114,021,494	12.78	139,860,339	20.02
Stationery and consumable	574,085	0.06	296,863	0.04
Right-of-Use Assets	839,018	0.09	759,399	0.11
Intangible assets - Computer Software	1,108,074	0.12	1,648,278	0.24
Property and equipment	60,827,861	6.83	55,539,200	7.95
Corporation tax recoverable	9,125,297	1.02	21,361,154	3.05
Deferred tax asset	80,198,135	8.99	86,134,660	12.33
Total	891,864,120	100.00	698,678,142	100.00

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(i) Cash flows

The Fund's cash flow is as set out in the statement of cash flows. The Fund's major source of cash flow was from operating activities. The net cashflow from the operating activities was TZS 252.56 billion (2021/22: TZS 342.68). The main source of cash inflow under the operating activities was the contributions which was TZS 1,403.61 billion (2021/22: 1,251.85 billion).

The cash generated in the financial year 2022/23 was mainly used to meet benefit obligations, financing growth strategies, investment opportunities and other operating activities. The Fund's investment and operating activities are the major factors for the movement in cash flow.

The Fund's cash projections indicate that future cash flows will mostly be generated from the contributions and interest from the investments. The Fund will continue implementing different strategies in collecting contributions and investment income and maintaining sound liquidity position to meet its cash flow commitments. The Fund uses the excess cash to invest in the high yield investments to maintain its liquidity position.

(j) Budget Performance

The Plan and Budget for the financial year 2022/23, was approved by the Board of Trustees on 30 June, 2022 and assented by the Minister of State in the Prime Minister's Office responsible for Labour, Youth, Employment and People with Disability.

(a) Sources of funds

During the financial year 2022/23, the total income was TZS 1,886.34 billion against the target of TZS 1,999.92 billion equivalent 5.68 percent below the target. The under-performance was highly contributed by decreased investments income as a result of losses in fair values of the investment assets. This is as shown in Table 21 below:

Table 22: Sources of funds

Particular	2022/23 Budget	2022/23 Actual	Current performance (%)
	TZS '000,000'	TZS '000,000'	
Members' contribution income	1,606,574.37	1,712,607.30	107
Penalty from delayed contribution	9,436.46	21,013.48	223
Investment Income	383,515.89	427,369.80	111
Other income	390.15	3,060.63	784
Total sources	1,999,916.87	2,164,051.21	108

Contributions

During the financial year 2022/23, contribution income was TZS 1,712.61 billion against the target of TZS 1,606.57 billion equivalent to 6.60 percent above the target. Compliance activities such as follow ups, routine inspections, task forces and penalty amnesty contributed to the timely contribution remittance.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(j) Budget Performance (Continued)

Penalty on delayed contribution

During the financial year 2022/23, penalty income was TZS 21.01 billion against the target of TZS 9.44 billion which is equivalent to 122.56 percent above the target.

Other income

During the financial year 2022/23, other income was TZS 3,060.63 million against the budget of TZS 390.15 million which is equivalent to 684.48 percent above the target.

Income from investments

The net investment income (net of investment management expenses) during the period was TZS 427.37 billion against the budget target of TZS 383.52 billion which entails a performance by 111.43 percent. The performance is main due to increased investment in the Government securities.

(b) Application of funds

The funds were spent in the planned activities as indicated in table 22 below. The Fund spent TZS 1,823.82 billion against the target of spending TZS 1,999.92 billion which is equivalent to 91.19 percent of the budget estimate target.

Table 23: Application of funds

Particular	2022/23 Budget	2022/23 Actual	Current Performance (%)
	TZS '000,000'	TZS '000,000'	
Benefit expenditure	828,913.18	738,609.10	89
Operating expenditure (Table 23)	227,730.90	240,683.06	106
Capital expenditure	20,354.22	8,071.40	40
New Investments	922,918.57	969,007.93	105
Total expenditure	1,999,916.87	1,956,371.49	98

Benefits Payment

During the financial year 2022/23, the Fund paid benefits of TZS 738.61 billion against the target of TZS 828.91 billion which is equivalent to 89 percent of the target. The decrease in benefit expenditure is mainly due to awareness to members on unemployment benefit whereby its growth keeps on decreasing as compared to previous years. The growth in unemployment benefits for the financial year 2022/23 was 2.36 percent (2021/22: 5.19 percent).

New Investments

During the financial year 2022/23, a total of TZS 969.01 billion was invested compared with the budget of TZS 922.92 billion which entails 104.99 percent of the target.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(j) Budget Performance (Continued)

Capital Expenditures (Fixed assets)

During the financial year 2022/23, the capital expenditure was TZS 8.07 billion as compared to the budgeted amount of 20.35 billion. This represents expenditure of 39.65 percent of the budget and was mainly due to delays in delivery of procured items by the suppliers whereby the items were delivered after the close of the financial year and thus expenditure was incurred in the ensuing year.

Operating Expenses

During the financial year 2022/23, TZS 257.98 billion was incurred against the target of incurring TZS 227.73 billion which is equivalent to 13.28 percent above the target. The increase in operating expenditure is mainly due the increase in impairment charges on assets and actuarial estimates emanating from actuarial valuation of the long-term employees' benefits.

Table 23 below shows the details of operating expenditure for the financial year 2022/23.

Table 24: Operating expenses for the financial year 2022/23

Particular	2022/23 Budget	2022/23 Actual	Current Performance (%)
	TZS'000,000'	TZS'000,000'	
Absolute budget items			
Administrative and other charges	161,882.58	155,375.89	96
Investment management	17,371.44	17,298.39	100
Sub total	179,254.02	172,674.28	96
Advisory budget items¹			
Depreciation	4,303.06	2,705.86	63
Amortization	6,344.92	3,411.54	54
Impairment losses	29,136.25	43,247.83	148
Non cash employees' benefits ²	8,692.65	35,941.95	413
Sub total	48,476.88	85,307.18	176
Total operating expenditure	227,730.90	257,981.46	113

¹ Budget items emanating from estimates whose expenditures are not limited to the budgetary provisions.

² Actuarial estimates emanating from actuarial valuation of the long-term employees' benefits.

Corporate tax

During the financial year 2022/23, the corporate tax expense was TZS 148.55 billion compared with the budgeted amount of TZS 75.00 billion which is equivalent to 198.07 percent above the target. This was due to the payments of undisputed tax arrears for the years from 2017/18 to 2020/22.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(k) Current and Future Development Plans

The major focus of the Fund is to continue to increase membership size, increase contribution collection, increase investment income, improve members' benefits, improve customer services and undertake institutional capacity building.

The Fund's current and future plans are as detailed in Table 24 below:

Table 25: Current and Future Development Plans

No.	Description	Current development	Future development
1.	Increasing membership size	During the financial year 2022/23, the Fund registered 243,895 new members from both schemes against the target of 313,478 members which is equivalent to 77.80 percent of the target. Out of the total registered members, 198,998 members were registered from statutory scheme and 44,897 members were registered from voluntary scheme.	The Fund plans to register an average of 382,629 members annually by 2025/26 from formal and informal sectors.
2.	Increase in contribution collection.	During the financial year 2022/23, the Fund earned contributions of TZS 1,712.61 billion against the target of earning TZS 1,616.01 billion, which is equivalent to 5.98 percent above the target. Over performance was contributed by increased level of contributions follow-ups, routine inspections and special inspections which contributed to increased compliance by the employers.	The Fund plans to collect an average of annual contribution of TZS 4,508,170 billion by 2025/26.
3.	Increase in investment income.	During the financial year 2022/23, investment income was TZS 427.36 billion which is equivalent to 111.43 percent of the target of TZS 383.51 billion. The over performance was highly due to increase in return from the financial assets. During the financial year 2022/23, real income from investment was TZS 380.63 billion (2021/22: TZS 328.05 billion). This is an increase of 18.70%. The increase in real income was a result of increase in the investments in financial assets.	The Fund plans to collect an average annual investment income of TZS 768.09 billion by 2025/26.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(k) Current and Future Development Plans (Continued)

Table 24: Current and Future Development Plans (Continued)

No.	Description	Current development	Future development
4.	Improve members' benefits.	During the financial year 2022/23, the Fund paid a total of TZS 738.61 billion against the target of paying TZS 828.91 billion which is 10.89 percent below the planned amount. The performance was due to the decreased number of claimants of unemployment benefit as compared to previous years.	The Fund plans to pay an average annual benefit payments amounting to TZS 1,130.65 billion by 2025/26
5.	Improve customer Services.	During the financial year 2022/23, During the period under review, all staff were trained in various area of profession through seminars or workshops in line with the identified Training Needs Analysis. This is equivalent to 100 percent of the annual training target.	The Fund plans to improve service delivery which will include shortening the benefits processing period to less than 30 days.
6.	Automation of business processes.	During the financial year 2022/23, two (2) business processes were fully automated against the target of four (4) and two (2) business processes were partially automated.	<ul style="list-style-type: none"> • The Fund plans to automate all its businesses by end of June 2026. • The Fund plans to integrate all internally developed ICT systems by the end of June 2026.
7.	Increase In Net Assets available for benefits.	In the financial year 2022/23, the Fund recorded an increase in Net Assets available for benefits to TZS 7,191.33 billion.	<ul style="list-style-type: none"> • The Fund plans to have Net assets available for benefits amounting to TZS 11,543.02 billion by June 2025/26.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(k) Current and Future Development Plans (Continued)

Table 24: Current and Future Development Plans (Continued)

No.	Description	Current development	Future development
8.	The use of ICT services in Funds day-to-day core and no-core functions	<ul style="list-style-type: none"> • In the financial year 2022/23, the Fund implemented various systems, including Queuing Management System, ICT Inventory Management System, Annual Procurement Plan System, e-Office Document Management System and Government Mailing System (GMS). • In the financial year 2022/23, the Fund reviewed Core and supporting systems including Core Fund Management Systems, Investment Management System, Human Resource and Payroll System, Imprest Management System, Loan Management System, ICT Helpdesk System, Property Management System and Customer Relationship Management. 	<ul style="list-style-type: none"> • Installation of Network Infrastructure at New Field Offices, and Establishment of Redundant/Backup Network Link to the Fund's Field Offices. • Installation and Configuration of VMware High Availability for Production Systems, and Expansion of SAN Storage Capacity for Production Data Center.
9.	The use of ICT services in Funds day-to-day core and no-core functions	<ul style="list-style-type: none"> • During the financial year 2022/23, the Fund reviewed some Value-Added Services including Employer Portal, Member Portal, Mobile App, WhatsApp Chatbot, SMS Enquiry, and USSD Application. • Reviewed of Systems Integration with Other Stakeholders including GePG, and NIDA. • Installed and Revamped Network Infrastructure at Head Office and Field Offices. 	<ul style="list-style-type: none"> • Implementation of Systems Integration with Other Stakeholders including Banks (Citi Bank, Azania Bank, TCB, and Mobile Money Operator), WCF, TIRA, LATRA, BRELA, NHIF and Labor Commissioner. • Review of Systems Integration with Other Stakeholders including TRA, and PSSF.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(l) Material information on budget issues

During the financial year 2022/23, there were no material information on budget issues. The Fund attained an expense ratio of 9.03 percent (2021/22: 8.40 percent) which is below the prescribed statutory threshold of 10 percent. The Fund plans to maintain the expense ratio within the prescribed statutory threshold of 10 percent in the year 2023/24. The description of the budget information has been detailed in Section 7 (i) of this report.

(m) Capital Structure of the Fund (Accumulated Fund)

The overall objective of the Fund is to accumulate sufficient funds to meet expected future obligations to members.

During the financial year 2022/23, total assets of the Fund amounted to TZS 7,622.58 billion (2021/22: 6,385.87 billion) representing an increase of 19.37 percent. Net assets available for promised benefits during the financial year 2022/23 increased by TZS 1,111.75 billion from TZS 6,079.26 billion to TZS 7,191.33 billion, an increase of 18.29 percent. The details of the movement assets have been detailed under section 7 (g) and (h) of this report.

In the financial year 2023/24 the Fund plan to invest TZS 1,314.33 billion in different investment portfolio to continuous strengthening the capital structure of the Fund. The Fund plans to have the total assets amounting to TZS 8,966.88 billion and Net assets available for promised benefits amounting to TZS 8,592.69 billion by the end of the financial year 2023/24. Furthermore, the Fund plans to have the total assets amounting to TZS 11,995.79 billion and Net assets available for promised benefits amounting to TZS 11,543.02 billion by the end of the financial year 2025/26.

(n) Liquidity of the Fund

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

To support adequate levels of liquidity, the Fund has in place arrangements for diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity daily. The Fund has developed respective internal control processes and contingency plans for managing liquidity risk.

During the financial year 2022/23, the Fund had favourable liquidity position as its current assets adequately covers its current liabilities. The Fund has not borrowed funds and consequently no interest charges have accrued against the Fund. All statutory payments such as PAYE and other statutory deductions effected from staff salaries were made promptly to the relevant authorities. All properties of the Fund are adequately insured. The analysis of maturity profile of financial assets and liabilities for the financial year 2022/23 and 2021/22 are as detailed in table 25 below.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(n) Liquidity of the Fund (Continued)

Table 26: Maturity profile of financial assets and liabilities

<u>30 June 2023</u>	Within 3 Months	Between 3- 12 Months	Over 12 Months	Total
Financial Assets				
Cash and cash equivalents	96,358,966	-	-	96,358,966
Deposits with Banks	88,321,885	189,607,750	-	277,929,635
Government securities	-	40,280,846	2,845,850,330	2,886,131,176
Corporate bonds	-	-	20,456,882	20,456,882
Finance Lease receivables	1,345,229	2,783,397	17,332,673	21,461,299
Contribution receivables	156,895,457	120,488,495	229,965,939	507,349,891
Other receivables*	18,884,181	28,859,405	64,253,272	111,996,858
Long term Loans	-	421,634,524	671,484,734	1,093,119,258
Total Financial Assets	361,805,718	803,654,417	3,849,343,830	5,014,803,965
Financial Liabilities				
Members claims payable	27,229,765	-	-	27,229,765
Accounts payable	160,789,001	71,396,874	-	232,185,875
Funds for TTCL Pensioners	115,612	-	-	115,612
DAS Contributions	882,150	2,173,730	6,767,142	9,823,022
Total Financial Liabilities	189,016,528	73,570,604	6,767,142	269,354,274
Net exposure	172,789,190	730,083,813	3,842,576,688	4,745,449,691

*The value of other receivables does not include advance to members, advance to contractors and other prepayments amounting to TZS 2.02 billion.

<u>30 June 2022</u>	Within 3 Months	Between 3- 12 Months	Over 12 Months	Total
Financial Assets				
Cash and cash equivalents	156,645,480	-	-	156,645,480
Deposits with Banks	53,925,987	169,652,336	-	223,578,323
Government securities	30,232,653	79,757,567	2,456,916,995	2,566,907,215
Corporate bonds	-	-	10,332,985	10,332,985
Finance Lease receivables	292,200	1,101,136	24,311,472	25,704,808
Contribution receivables	165,646,582	45,079,379	-	210,727,961
Other receivables*	-	-	258,372,038	258,372,038
Long term Loans	4,646,405	3,801,603	836,352,795	844,800,803
Total Financial Assets	411,391,307	299,392,021	3,586,286,285	4,297,069,613
Financial Liabilities				
Members claims payable	17,590,897	-	-	17,590,897
Accounts payable	61,747,243	-	-	61,747,243
Funds for TTCL Pensioners	-	-	12,304,858	12,304,858
DAS Contributions	432,738	2,050,064	8,403,605	10,886,407
Total Financial Liabilities	79,770,878	2,050,064	20,708,463	102,529,405
Net exposure	331,620,429	297,341,957	3,565,577,822	4,194,540,208

* The value of other receivables does not include advance to members, advance to contractors and other prepayments amounting to TZS 3.33 billion

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7.0 OPERATING AND FINANCIAL REVIEW (CONTINUED)

(a) Treasury Policy

The Fund maintains a well-documented Treasury Policy that outlines approved treasury activities in the Fund and how various risks that arise from such activities are identified, measured and managed.

The general purpose of the policy is to provide a clear guidance on management of liquidity and financial risks emanating from the short-term investments.

The general objective of the policy is to guide the treasury management activities as well as the investment activities of the Fund. Specifically, the policy aimed at:

- (i) Maintaining the time value of the members' contributions;
- (ii) Increasing the Fund's ability to meet its present and future obligation;
- (iii) Generating sufficient revenue to meet administrative and capital expenditure;
- (iv) Diversifying within and between assets classes to minimize concentration of risks;
- (v) Enhancing the financial capacity of the Fund; and
- (vi) Supporting social and economic utility.

The Fund's Treasury management practices shall base on the following pillars:

- (i) The need to maintain optimum liquidity level to meet maturing obligations,
- (ii) Immunization of assets to avoid strains in times of unforeseen negative contingencies,
- (iii) To maximize return on investments.

The basic principle guiding the investments of the Fund are as detailed below:

- (i) **Liquidity:** The Fund shall maintain a certain proportion of its investments into the outlet which are easily convertible into cash, without significant loss of their value, for the purpose of meeting short term financial obligation.
- (ii) **Yield:** Resources will be committed to the high yield investments. The investments should provide a positive return in order to maintain the value of the members' contributions.
- (iii) **Safety:** The Fund shall invest in the portfolios which guaranteed security of the Fund's resources.
- (iv) **Social, environmental and economic utility:** The Fund shall invest in avenues which fulfil the social, environmental and economic usefulness to the country.
- (v) **Diversification:** The Fund shall diversify its investments in order to spread risk. It is the policy of the Fund to diversify its investment portfolio to avoid incurring unreasonable and avoidable risks and losses resulting from over concentration of assets in specific investment category.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

8.0 RESOURCES

Financial Resources

The Trustees maintain an optimal level of net asset base to support its growth, investment opportunities and payment of benefits to members. During the financial year 2022/23, the net asset available for benefit grew by 18.29% from TZS 6,079.26 billion to TZS 7,191.33 billion. The growth in net assets was largely contributed by the increase in contribution remittance and investment income.

The growth in contribution income was due to increased level of compliance activities such as follow up of contributions, routine inspections and special inspections. On the other hand, the growth in investment income from interest was due to the increase in return from investment in financial assets. Interest income increased by 21.34% from TZS 290.10 million to TZS 352.01 million. Of this increase, 87.84% was due to income from government securities.

Intellectual Resources

The Trustees consider administrative efficiency as key to the superior service delivery. The Fund has developed and acquired a range of systems that translate its requirements into tools that facilitate a number of administrative activities. This has significantly improved administrative functions including stores management, staff and members records management and management of properties. Table 26 below shows the integrated systems that the Fund has deployed:

Table 27: Integrated Systems

S/N	Name of the system	Vendor	Functionality
1.	Oracle e-Business Suite R12 (ERP)	Simba Technologies	Core -Financials (General Ledger, Accounts Payables, Accounts Receivables, Cash Management & Fixed Assets), Purchasing and Inventory.
2.	Core Fund Management System Plus (CFMS+)	In-house	Employers Registration, Members Registration, Contributions Administration, Benefits Processing, Administration of Pensions, inspection and the Social Health Insurance.
3.	Human Resource and Payroll System	In-house	Human Resource Management and Staff Payroll administration.
4.	Document Management System (DMS)- e-Office	eGA	Managing electronic document through workflow automation: incoming/outgoing mails, Internal Memo, payable Process, members correspondences, members claims and member/employer registration and IT Change Management.
5.	Property Management System (PMS)	In-house	Managing corporate investment properties, issuing invoices and tracking agreements.
6.	Investment Management System (IMS)	In-house	Manages Fund's Investment Portfolios.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

8.0 RESOURCES (CONTINUED)

Intellectual Resources (Continued)

Table 26: Integrated Systems (Continued)

S/N	Name of the system	Vendor	Functionality
7.	Bridge Collection Management System (BCMS)	In-house	Toll fees collection at Nyerere Bridge.
8.	Customer Relationship Management (CRM)	In-house	Managing and analysing Fund's interaction with the current and potential customers.
9.	Planning and Budgeting System (PBS)	In-house	Manages the planning, preparation, and tracking of the Fund's budget
10.	Legal Management System	In-house	Managing legal cases and contracts.
11.	GePG System	Government	Collection of Fund's revenues.
12.	Intranet Portal	In-house	Unifies access to enterprise information and applications on an intranet.
13.	Internet Banking System	In-house	Link between internal Payment Systems and Banking Systems.
14.	Imprest Management System	In-house	Safari and Office Imprest (Application, approvals, payments and Retirement).
15.	IT Inventory Management System	In-house	Managing, monitoring and tracking of IT assets.
16.	Intermediate Data Services (IDS)	In-house	Pull and Push SMS integration with eGA, Remittances and payments integration with GePG and member registration integration with NIDA.
17.	Website	eGA	Corporate Website.
18.	Queuing Management	In-house	Managing member's queues in Fund field offices.
19.	ICT Management System	In-house	Manages the Fund's ICT processes including: 1. Support Request Management 2. User Access Management 3. Systems and Interface Monitoring
20.	Teammate Audit Management System	Wolter Kluwers	Manages internal audit processes.
21.	Liquidity Management System (LMS)	In-house	Manages cash or liquidity position of the Fund
22.	Payment Management System (PMS)	In-house	Integrates the Fund's Financial System (ERP) with other Collection and Payment source systems: 1. Contribution and Noncontribution Receipting 2. Members, Staff, and Suppliers Payment

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

8.0 RESOURCES (CONTINUED)

Human Resources

Human capital forms the core of our growth strategy because our people provide the power that drives our machines. The Fund is committed to providing staff incentive to enhance staff welfare and retention. In the Financial year 2022/23, the Fund promoted 501 staff, offered long service awards to various staff and paid for medical services to all staff and their dependents through NHIF. Furthermore, during the period under review, all employees attended at least one training to enhance their skills, competence, innovativeness and job performance.

Social and Relationship Resources

The viability of our business depends on our ability to create and sustain strong relationships with customers and the wider community. In the financial year 2022/23, the Fund continued to engage stakeholders by providing donations and sponsorship in the areas of health, education, sports, national emergencies, disabled groups, orphanage care and stakeholders' seminars.

The Fund sponsored various marathons. Doctor's Marathon organized by the Medical Association of Tanzania aimed at donating emergency medical equipment, Zanzibar Blue Economy Marathon which aimed at promoting Zanzibar Blue Economy.

Furthermore, the Fund provided donation Hassanayn Islamic Women Association to support widow association to purchase school uniforms and stationaries for Primary and secondary school students, Dada Hood-Orange Concert 2023 event for deaf Girls in Tanzania on International Women's Day aimed at promoting welfare of deaf girls in Tanzania, Women and Child Health Initiative in Dodoma to support the efforts towards accessibility of healthy facilities to women and children, District Administrative Secretary, Nyamagaha to support construction of a storey building at Nyamagaha Secondary School.

Natural Resources

To respond to the national environmental agenda, the Fund has significantly reduced the use of printing stationery through automation of business processes. Furthermore, the Fund is using solar systems in some of its offices like Mbinga, Mafinga and Kigoma to reduce the impact of excessive use of electricity to the environment.

Other Resources

The other resources include Nyerere (Kigamboni) bridge, clear internal and external policies, laws and regulations governing the operations of the Fund.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9.0 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

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

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

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

The Trustees assessed the Internal control systems throughout the financial year ended 30 June 2023 and is of the opinion that they met accepted criteria. The Trustees carry out risk and internal control assessment through the Audit Committee.

9.1 Principal Risks

The Fund describes all principal risks that could materially affect the Fund. There are additional risks known to the Fund currently believed to be immaterial. The principal risks, risk impact and risk mitigation have been explained below.

(a) Credit risk management

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 principal financial assets are government securities, corporate debt securities, bank placements and balances, loan and receivables in respect of contribution, rent, finance lease etc. 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.

To mitigate the credit risk, the Fund requires guarantees from top rated banks or the Government as the case may be. Before granting any loan, 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 Director of Actuarial Service, Statistics and Risk Management (DASSRM) and investments under the supervision of the management investment committee which is chaired by the Director General. Regular audits of the credit processes and management are undertaken by the internal audit unit.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9.0 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

9.1 Principal Risks (Continued)

(b) Liquidity risk management

Liquidity risk is the risk that the Fund will encounter difficulty in meeting 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 has access to a diverse funding base. The Fund manages liquidity risk by maintaining a pool of short-term placements with banks and treasury bills that are adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenses. The Fund continually assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Fund strategy. In addition, the Fund has a Finance and Investment Committee that meets on a regular basis to monitor liquidity risk, review and approve liquidity policies and procedures.

(c) Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate financial instruments are government securities, corporate bonds, loans and deposits with banks and financial institutions. The Fund tries to mitigate the risk of variation in interest rates by going in for longer period of maturity when the interest rates are good and shorter maturity period when the interest rates are not that good. The Management Investment Committee will have to form its view on interest rate before the decision to invest is determined.

The Fund's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given the market interest rates consistent with the Fund's business strategies.

(d) Currency risk management

The currency risk is the risk arising from changes in the value of foreign currencies. The Fund generates foreign currency from rental income which is invoiced in USD to preserve the value and return of its investment properties due to persistent depreciation of Tanzanian shillings against major currencies. The funds collected in foreign denominated currencies are maintained in investments denominated in foreign currencies to hedge against continuous weakening of Shilling as well as building a pool of foreign currency resources for off shore investment once the capital account is liberalized.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9.0 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

9.1 Principal Risks (Continued)

(e) Price risk management

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

To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. The Fund has invested in government securities, listed equities from companies in different sectors of the economy, and corporate bonds. Diversification of the portfolio is done in accordance with the Investment Policy of the Fund. All quoted shares held by the Fund are traded on the Dar es Salaam Stock Exchange (DSE).

9.2 Opportunities

The Fund's risk assessment process identified opportunities that would enhance the implementation of the strategic plan as summarized below:

- Political stability of the country attracts new investors which creates new employment opportunities.
- Growth of the private and the informal sectors which creates new members of the Fund.
- Growth and availability of new technologies that the Fund could exploit to revolutionize the Fund's way of working and improve efficiency and effectiveness.
- Existence of the major projects, for example, the construction of Uganda-Hoima fuel pipeline, standard gauge railway and Julius Nyerere (Stigler's Gorge) hydro-power plant.

9.3 Uncertainties

The Fund's risk assessment process identified uncertainties that could impact the implementation of the strategic plan as summarized below:

- Unforeseen contingencies such as epidemic and pandemic diseases in particular COVID-19.
- Unfavorable movement on real GDP growth rate, interest rate, inflation rate and exchange rate.
- Likelihood of fraudulent practices among employers, employees, members and service providers.

Table 27 below describes the possible outcomes of the identified uncertainties and impact to the Fund.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9.0 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

9.3 Uncertainties (Continued)

Table 28: Uncertainties, possible outcomes and impact to the Fund

Uncertainties	Possible outcome	Impact to the Fund
The occurrence of the unforeseeable contingencies such as epidemic and pandemic diseases in particular COVID-19.	<ul style="list-style-type: none">• Decline of business due to closure of borders.• Led to companies laying off employees and some companies shutting down.	<ul style="list-style-type: none">• Narrow down the opportunities for new members recruitment.• Failure to remit members contributions by employers.
Unfavorable movement on real GDP growth rate, interest rate, inflation rate and exchange rate.	<ul style="list-style-type: none">• Unstable economy• Failure to attract foreign direct investment	<ul style="list-style-type: none">• Decrease in investment opportunities.• Unable to obtain better real return from investments.
Likelihood of fraudulent practices among employers, employees, members and service providers.	<ul style="list-style-type: none">• Reputational loss.• Financial loss	<ul style="list-style-type: none">• Loss of trust by members.• Inability of the Fund financial resources to meet the maturing obligations.

10.0 FUND'S OPERATING MODEL

The analysis on how the resource availability impacts the operations or business process is given in Table 28 below:

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

10.0 FUND'S OPERATING MODEL (CONTINUED)

Table 29 30: Fund's Operating Model

OBJECTIVES	INPUTS	PROCESS	OUTPUT	OUTCOME
Membership size increased	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Natural Resources. Other Resources 	Registration of contributing employers and members from both formal and informal sectors.	<p>Number of members and employers registered to the Fund increased:</p> <p>As at 30 June 2023, participating employers were 40,925 (2021/22: 36,923) and the contributing members were 1,100,787 (2021/22: 992,713) from formal sector and 88,435 (2021/22: 46,470) from informal sector.</p>	Improved social wellbeing through social protection against reduced ability to generate income due to old age, illness, disability, unemployment and other social penals. As at 30 June 2023, the number of retirees and beneficiaries receiving pensions was 28,820 (2021/22: 25,608).
Contribution Collection increased	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Natural Resources. Other Resources 	Collection of members' contributions from both formal and informal sectors.	<p>Increase in reserve ratio:</p> <p>During the year 2022/23, the amount of the contribution was TZS 1,712.61 billion (2021/22: TZS 1,419.71 billion).</p>	Collection of members' contributions leading to the improved Fund's sustainability.
Investment income increased	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Natural Resources. Other Resources 	Investment of surplus funds in profitable but safe investments.	<p>Income from investment increased:</p> <p>Real income from investment during the year was TZS 380.39 billion (2020/2021: TZS 315.92 billion). The increase was 20.41%. The increase was due to increase in income from financial assets in which the Fund invested.</p>	<ul style="list-style-type: none"> Preserving value of members' contributions leading to improved members' benefits and services. Enhancing financial inclusion. Funding government strategic projects eventually helps in improving quality living of the society.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

10.0 FUND'S OPERATING MODEL (CONTINUED)

Table 28: Fund's Operating Model (Continued)

INPUTS	PROCESS	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • Benefits payment processes improved. 	<ul style="list-style-type: none"> • Disbursement of benefits to beneficiaries in accordance with the provisions of the laws and guidelines. 	<p>The level of benefit paid:</p> <p>During the year 2022/23, the total benefit payments was TZS 738.61 billion (2021/22: TZS 659.77 billion).</p>	<p>Improved social wellbeing and life expectancy.</p>
<ul style="list-style-type: none"> • Customer service delivery improved 	<ul style="list-style-type: none"> • Improving customer service delivery. 	<p>Improved customer services:</p> <p>During the year, the customer satisfaction survey recorded a score of 82.6 percent (2021/22: 83.0 percent) level of satisfaction.</p>	<p>Good customer service results to happier and satisfied customers.</p>
<ul style="list-style-type: none"> • Implementation of the National anti-corruption strategy enhanced. 	<ul style="list-style-type: none"> • Enhancing national anti-corruption strategy. 	<p>Reduction in the level of fraud/corruption incidents:</p> <ul style="list-style-type: none"> • During the period, the Fund conducted 15 fraud audit detection exercises against 18 planned exercises, equivalent to 83.3 percent performance. • During the period, the Fund conducted 29 awareness sessions on National Anti-corruption strategy to 28 regional offices, Head Office and 16 District Fund Offices whereby 905 staff attended. 	<p>Anti-corruption results to happier and satisfied customers.</p>

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

10.0 FUND'S OPERATING MODEL (CONTINUED)

Table 2B: Fund's Operating Model (Continued)

	INPUTS	PROCESS	OUTPUT	OUTCOME
HIV/AIDS Infections and Non-Communicable Diseases (NCDs) and Improve supportive services reduced	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Other Resources 	Promoting awareness and positive change on HIV/AIDS infections and non-communicable at work place.	<p>HIV/AIDS Infections and Non-Communicable Diseases reduced and Supportive Services Improved.</p> <p>During the period, the Fund conducted awareness sessions on HIV/AIDS, NCD's, Stress Management and Community diversity to 1,566 staff. (2021/22: 1,135 staff)</p>	This results to Improved social wellbeing.
Human capital and Institutional development enhanced	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Other Resources 	Human capital development.	<p>Improved quality of human capital. (Skilled, competent and innovative staff) and increased productivity.</p> <p>During the period, all staff were trained in various areas as identified through Training Need Analysis (TNA).</p>	Human capital development leading to the increase in the net assets available for benefits and eventually the quality of benefit provided to members.
Compliance with controls and regulatory requirements enhanced	<ul style="list-style-type: none"> Financial Resources. Intellectual Resources. Human Resources. Social and Relationship Resources. Other Resources 	Compliance with the internal control procedures and the regulatory requirements.	<p>Compliance on Controls and Regulatory framework enhanced.</p> <p>During the year, the Fund continued to strength institutional compliance with the internal control procedures, regulatory requirements and the international financial reporting standards.</p>	Improved quality of service and benefit offered to the customers.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the backbone to any entity's success as it provides a framework within which corporate objectives are set and performance is monitored and the risks that would lead to failure to achieve the objectives are mitigated. Thus, good corporate governance is critical in the Fund.

The Fund is committed to the principles of good corporate governance. The Board recognizes the importance of integrity, transparency and accountability. In addition, the Board has an overall responsibility for identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of the Fund's plans and budgets. Furthermore, the Board is also responsible for ensuring that a comprehensive system of internal control and procedures is operative in compliance with the principles of sound corporate governance.

During the financial year 2022/23, the Board of Trustees complied with all aspects of good corporate governance principles which include:

Transparency

The Fund exercises transparency on its operations and decisions. The Fund has been sharing various reports and information to stakeholders including members information, performance reports and any changes related to members and general public. This information is accessible on the Fund's website and in different medias.

Accountability

The Fund has been accountable to all stakeholders including members by ensuring timely collection of contributions and payment of benefit to members in accordance with Sections 12 and 21 of NSSF Act respectively.

Fairness

The Fund has been fair to its stakeholders while discharging primary functions of members registration, contribution collection, investment and payment of benefit.

Independence

The Fund has been exercising independence in the formulation and implementation of various policies. During the year under review the Fund formulated the below mentioned policy:

- Complaints Management Policy
- Contract Management Policy
- Customer Service Policy
- Credit Risk Management Policy
- Data Management Policy
- NSSF HIV, AIDS and Non - Communicable Diseases Policy
- Occupational Health and Safety Policy

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Corporate Social Responsibility

During the year under review, the Fund made donations and sponsorship to various institutions to support the community in which the Fund operates.

11.1 Composition of the Board of Trustees

The Board currently consists of nine (9) Trustees (2021/22: nine (9)). The Secretary to the Board of Trustees is the Director General of the Fund. Apart from the Director General, no other member of the Board of Trustees holds executive positions in the Fund.

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 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 the sound corporate governance principles.

The members of the Board of Trustees of the National Social Security Fund who served up to the date of signing these financial statements are the following:

Table 31: Members of the Board of Trustees

S/N	Name	Gender	Position	Age	Qualification	Appointment
1	*Hon. Amb (Rtd). Ali Idi Siwa	Male	Chairperson	67	Master's Degree in German Philology	7 December 2021
2	Ms. Mwamini Juma Malemi	Female	Chairperson	63	Masters of Arts in Development Studies	14 November 2023
3	Mrs. Jayne Nyimbo Taylor	Female	Vice Chairperson	62	MBA Human Resources - ESAM	8 December 2021
4	Mr. David James Magese	Male	Member	60	Bachelor of Science (Education)	8 December 2021
5	Mr. Fred Hans Kipamila	Male	Member	56	Masters of Engineering in Maintenance Management	8 December 2021
6	Mr. Peles Jonathan Hageze	Male	Member	58	LLM Corporate and Commercial Laws	8 December 2021
7	Prof. Marcellina Mvula Chijoriga	Female	Member	68	Associate Professor UDSM Business School, Holds B. Com in Accounting, MBA in Finance, PhD in Economics and Finance	8 December 2021
8	Ms. Lucy William Chigudulu	Female	Member	42	Bachelor of Finance and Accounting, CPA (T)	8 December 2021
9	Mr. Antony Raphael Chayeka	Male	Member	46	Master of Business Administration-Finance and Banking, CPA (T)	8 December 2021

*Ceased to be Chairman of the Board of Trustees on 28 August 2023.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

11.1 Composition of the Board of Trustees (Continued)

Table 29: Members of the Board of Trustees (Continued)

S/N	Name	Gender	Position	Age	Qualification	Appointment
1	Mr. Francis William Kayichile	Male	Member	42	Master of Laws (LL.M) in International Crime and Justice	8 December 2021
1	Mr. Masha John Mshomba	Male	Secretary/ Director General	52	MSc in Finance, CPA (T) and MBA in International Business	04 April 2021

Source: Board of Trustees Curriculum Vitae and letters of appointment.

All Trustees are Tanzanians. The Director General is the Secretary to the Board of Trustees.

11.2 Board of Trustees Meetings

The Board is required to meet at least four (4) times a year. The Board delegates the day-to-day management of the Fund to the Director General who is assisted by management team. Members of management were invited to attend the Board meetings and facilitate the effective control of all the Fund's operational activities, acting as a medium of communication and coordination between all the various business units. During the year, the Board held four (4) ordinary meetings (2021/22: four (4)) and five (5) extra ordinary meetings (2021/22: four (4)).

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

Table 32: Attendance register of members of the Board of Trustees

S/N	Name	Position	Nationality	Number of Meetings	
				Ordinary	Extra Ordinary
1.	Hon. Amb (Rtd). Ali Idi Siwa	Chairperson	Tanzanian	4	5
2.	Ms. Jayne Nyimbo Tylor	Vice Chairperson	Tanzanian	3	5
3.	Mr. Fred Hans Kipamila	Member	Tanzanian	4	5
4.	Mr. Peles Jonathan Hageze	Member	Tanzanian	4	4
5.	Mr. David James Magese	Member	Tanzanian	4	5
6.	Ms. Lucy William Chigudulu	Member	Tanzanian	3	5
7.	Mr. Antony Raphael Chayeka	Member	Tanzanian	2	1
8.	Prof. Marcellina Mvula Chijoriga	Member	Tanzanian	1	3
9.	Mr. Francis William Kayichile	Member	Tanzanian	3	4
10.	Mr. Masha John Mshomba	Secretary	Tanzanian	4	5

Source: Board of Trustees attendance register

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

11.3 Board of Trustee Committees

The Board has three (3) Committees namely; Finance, Investment and Benefit Administration Committee, Audit Committee and Risk and Governance Committee. The committees' roles and composition are described below:

11.3.1 The Finance, Investment and Benefits Administration Committee

The Committee's mandates are to:

- Review Annual Corporate Plan and proposed Annual Budget of the Fund and provide necessary input before recommending it to the Board for approval;
- Periodically review the Fund's performance reports against Annual Plan and Budget to ensure that performance remains on track;
- Monitor Investment performance;
- Monitor registration of members, collection of contributions and members' benefits;
- Monitor and advise on the Fund's investment strategy based on the current and future funding requirements; and
- Make recommendations to the Board on proposed investments and review of Investment Policy.

The planned number of ordinary meetings in the financial year 2022/23 was four (4) [2021/22: four (4)]. During the year, this Committee held four (4) ordinary meetings (2021/22: four (4)) and three (3) extra ordinary meetings (2021/22: two (2)). The members of the Finance, Investment and Benefits Administration Committee and their meeting attendance were as follows:

Table 33: Members of Finance, Investment and Benefits Administration Committee

S/N	Name	Position	Nationality	Number of Meetings	
				Ordinary	Extra Ordinary
1.	Ms. Jayne Nyimbo Tylor	Chairperson	Tanzanian	4	3
2.	Mr. Fred Hans Kipamila	Member	Tanzanian	3	3
3.	Mr. Peles Jonathan Hageze	Member	Tanzanian	3	3
4.	Mr. Antony Raphael Chayeka	Member	Tanzanian	2	2
5.	Prof. Marcellina Mwula Chijonga	Member	Tanzanian	4	2

Source: Finance, Investment and Benefits Administration Committee Attendance Register.

The Director General is the Secretary to the Committee.

During the year, the Finance, Investment and Benefit Administration Committee reviewed and made recommendations to the Board on asset management, investment proposals, investment performance, policies and strategies. The Committee further reviewed the Financial and Treasury Performance Reports, Membership and Benefit Administration Performance Reports and strategies.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

11.3 Board of Trustee Committees (Continued)

11.3.1 The Finance, Investment and Benefits Administration Committee (Continued)

Finally, the Committee reviewed the Fund's Annual Plan and Budget for the year 2022/23 which thereafter was approved by the Board of Trustees and the Minister, Prime Minister's Office, Labour, Employment, Youth and People with Disability.

11.3.2 The Audit Committee

The Audit Committee's has an oversight role within the Fund. Responsibilities of the Audit Committee include:

- Providing oversight of the financial reporting process;
- Providing oversight of the system of internal controls and compliance with laws and regulatory requirements;
- Providing effective oversight of the annual auditing process by oversee hiring, performance, compensation and independence of the external auditors;
- Oversight of the performance of the internal audit function; and
- Oversight of ethics and whistle blower hotlines.

The planned number of ordinary meetings in the financial year 2022/23 was four (4) [2021/22: four (4)]. During the year, this Committee held four (4) ordinary meetings (2021/22: four (4)) and two (2) extra ordinary meeting (2021/22: one (1)). The members of the Committee who served during the year and the number of meetings they attended were as follows:

Table 34: Members of Audit Committee

S/N	Name	Position	Nationality	Number of Meetings	
				Ordinary	Extra Ordinary
1.	Ms. Lucy Wilham Chigudulu	Chairperson	Tanzanian	4	2
2.	Mr. Fred Hans Kipamila	Member	Tanzanian	3	2
3.	Mr. David James Magese	Member	Tanzanian	4	2
4.	Mr. Antony Raphael Chayeka	Member	Tanzanian	3	-

Source: Audit Committee attendance register

The Director of Legal Services is the secretary to the Committee.

During the financial year 2022/23, the Audit Committee received reports from and held discussion with management and auditors. In discharging its duties, the Committee reviewed the financial statements to ensure internal and external quality and acceptability of the accounting policies, practices and financial reporting disclosures.

The Fund has an independent internal audit function. The committee also reviewed the scope of the work of the Fund's Internal Audit Directorate, terms of external audit engagement and reports from external auditors on accounting and internal controls.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

11.3 Board of Trustee Committees (Continued)

11.3.3 The Risk and Governance Committee

Risk and Governance Committee main functions include:

- Developing policies and procedures around risk that are consistent with the Fund's strategy and risk appetite;
- Following up on management's implementation of risk management policies and procedures and ensure the Fund is in compliance with its legal and fiduciary duties;
- Following up to be assured that risk management policies and procedures function as they are intended;
- Taking steps to foster risk awareness;
- Encouraging an organizational culture of risk adjusting awareness;
- Monitors the effectiveness of the Board operations, Board performance, and governance policies; and
- Monitoring the effectiveness of Human Resources Policies regarding staffing, development, promotion and compensations.

The planned number of ordinary meetings in the financial year 2022/23 was four (4) [2021/22: four (4)]. During the year, the Committee held four (4) ordinary meetings (2021/22: four (4)) and one (1) extra ordinary meeting (2021/22: Nil). The Members of the Risk and Governance Committee, who served during the year and the number of meetings they attended were as follows:

Table 35 : Members of Risk and Governance Committee

S/N	Name	Position	Nationality	Number of Meetings	
				Ordinary	Extra Ordinary
1.	Mr. David James Magec	Chairperson	Tanzanian	3	1
2.	Mr. Peles Jonathan Hageze	Member	Tanzanian	3	1
3.	Prof. Marcellina Nyula Chijoriga	Member	Tanzanian	3	1
4.	Mr. Francis William Kayichile	Member	Tanzanian	4	1

Source: Risks and Governance Committee attendance register

The Director General is the secretary to the Committee.

During the financial year, the Risk and Governance Committee reviewed the risk management function in the Fund through Risk Management Reports which were submitted by management, received and discussed reports on Information Technology, Governance and projects, legal cases and staff matters after which it recommended for actions to be taken by the Board of Trustees.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

11.0 CORPORATE GOVERNANCE STATEMENT (CONTINUED)

11.4 Management

The day-to-day management of the Fund is vested in the Director General who is assisted by the Directors. The Management of Fund consists of the following members:

Table 36 : Key Management Personnel

S/N	Name	Position
1.	Mr. Masha J. Mshomba	Director General
3.	Mr. Yahya M. Ally	Director of Finance
4.	Mr. Gabriel J. Silayo	Director of Planning, Investment and Projects
5.	Mr. Omary K. Mziya	Director of Operations
6.	Mr. Ekwabi W. T. Mufungu	Director of Human Resources Management and Administration
7.	Mr. Godfrey L. Ngonyani	Director of Internal Audit
8.	Mr. Ibrahim Z. Maftah	Director of Actuarial Service, Statistics and Risk Management
2.	Mr. Suleiman A. Msangi	Acting Director, Legal Services
9.	Mr. Donald K. Mwaiki	Director of Information and Communication Technology
11.	Mr. Benedicto S. Maheta	Acting Director of Procurement Management
10.	Ms. Lulu R. Mengele	Public Relations and Members Education Manager
12.	Mr. Junus A. Mlawilila	Internal Affairs Manager

Source: Employment contracts

12.0 APPOINTMENT OF INDEPENDENT AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the National Social Security Fund by virtue of the Article 143 of the Constitution of the United Republic of Tanzania (URT) and the audit was carried out jointly by CAG and Deloitte and Touche, Certified Public Accountants in accordance with the provision of Section 30 - 33 of the Public Audit Act Cap. 418. The address of the Auditor for the financial year 2022/23, is as below:

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

Deloitte & Touche
Aris House, 3rd Floor
Plot 152 Haile Selassie Road, Oyster Bay
P.O. Box 1559,
Dar es Salaam, Tanzania
Tel: +255 (22) 216 9000
TIN No. 100-148-692
Email: deloitte@deloitte.co.tz
Website: www.deloitte.com

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

13.0 RESPONSIBILITY OF THE AUDITOR

The auditors' responsibility is to consider whether there is a material inconsistency between the other information and the financial statements; and whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit.

14.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The National Social Security Fund Act [CAP 50 R.E. 2018] requires those charged with governance to prepare the financial statements at the end of each financial year. They are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

15.0 POLITICAL AND CHARITABLE DONATIONS

The Fund have a Donation and Sponsorship Policy that guarantees the operation of the Fund in a responsible manner at all times for the benefit of our stakeholders. The Fund has managed to support the community through donation and sponsorship in various sectors such as Education, Health, Government, Youth and Women empowerment.

15.1 Education

During the year, the Fund donated more than TZS 47 million (2021/22: TZS 142 million) in the education sector. Most funds were extended to cater for the construction and renovation of classes, construction of dormitories, provision of desks and support for orphanage centers in the country.

15.2 Health

During the year, the Fund extended about TZS 26 million (2021/22: TZS 86 million) to the health sector. Funds were directed towards expanding healthcare infrastructure, the construction and/or renovation of wards, dispensaries and purchase of medical equipment.

15.3 Government

The Fund managed to engage and give back to the community by providing over TZS 2,000 million (2021/22: TZS 1,532 million) to the Government to support the government social and economic development initiatives.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

15.0 POLITICAL AND CHARITABLE DONATIONS (CONTINUED)

15.4 Youth and Women Empowerment

During the year, the Fund extended about TZS 52 million (2021/22: TZS 124 million) in Youth and Women to support their wellbeing and talent.

15.5 Sports

During the year, the Fund extended about TZS 26 million (2021/22: Nil) in sport sector to promote development of sports sector and healthy work force.

15.6 Political Donation

The Fund did not make any political donation during the year (2021/22: Nil).

16.0 DISABLED PERSONS

The Fund has been an equal opportunity employer by recruiting, employing, training, promoting and developing individuals based on performance, qualification and ability.

In implementing the policy, the Fund is administering all personnel action without regard to colour, race, religion, gender preference, tribe or place of origin, political opinion, marital status or family responsibility, HIV/AIDS, Age, station of life or physical disability.

In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Fund continue and appropriate training is arranged for them. It is the policy of the Fund that training, career development and promotion in case of persons with disabilities should, as far as possible, be equal to that of other employees.

17.0 SERIOUS PREJUDICIAL MATTERS

During the period ended 30 June 2023, there were no serious prejudicial matters to report which were outside the control of the Fund in achieving its objectives, as required by the Tanzania Financial Reporting Standard No.1.

18.0 SOCIAL AND COMMUNITY ISSUES

The Fund acknowledges that corporate social and community issues are of increasing importance to stakeholders and are vital to the continued success of the Fund. We strongly believe that by empowering the community through financial and in-kind support, we will be able to make a greater impact, although little by little.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

18.0 SOCIAL AND COMMUNITY ISSUES (CONTINUED)

During the financial year 2022/23, the Fund interacted with the community by sponsoring various social and economic events like Aids Trust Fund Marathon organized by AIDS Trust Fund which aimed at supporting the development of the sport sector, Doctor's Marathon organized by the Medical Association of Tanzania aimed at donating emergency medical equipment, Zanzibar Blue Economy Marathon which aimed at promoting Zanzibar Blue Economy.

The Fund participated in the 9th Women roundtable meeting in June 2023 organized by Tanzania Women CEO's Roundtable aimed at supporting women's development process, National Youth Week in October 2022 organized by the National Youth Camps aimed at supporting youth to engage in development activities, SIDO Northern Industrial Investment Exhibition organised by Small Industries Development Organization (SIDO) for promoting investment products.

The Fund sponsored the tree planting project at Mzakwe water sources in Dodoma to make it evergreen aimed at supporting development of environmental sector for sustainable development, Women Leadership training program aimed at promoting women's development efforts, World AIDS Day 2022 held Nationality in Lindi Region aimed at fighting against HIV/AIDS, National widow's day ceremony on June 2023 aimed at supporting development movement activities for special groups, Dada Hood-Orange Concert 2023 event for deaf Girls in Tanzania on International Women's Day aimed at promoting welfare of deaf girls in Tanzania.

During the year, the Fund extended about TZS 43 million (2021/22: 36 million) on empowering the community through financial support.

19.0 RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions and balances are disclosed in Note 54 to the financial statements.

20.0 FIDUCIARY RESPONSIBILITY

The Members of the Board of Trustees always act in the best interest of the Fund. Reasonable care was exercised in all decisions taken by the Board of Trustees without placing the Fund under unnecessary risks.

21.0 EMPLOYEES WELFARE

The Trustees recognizes all their employees to be the most valuable resource and that the health and welfare of all employees is essential in achieving the Fund's vision. The Fund is committed to producing a caring and supportive working environment which is conducive to the welfare of all employees and which enables them to develop towards their full potentials.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

21.0 EMPLOYEES WELFARE (CONTINUED)

In implementing the policy, the Fund signed the collective bargaining agreement contract where all issues related to employee's benefit such as working environment, retirement benefits, medical facilities to the employees and their close families are detailed.

21.1 Relationship between management and employees

The relationship between employees and management continued to be good since there were no unresolved complaints received by management from the employees during the year. Management continued to honour the voluntary agreement entered into with the worker's union. The employees Negotiation Council worked smoothly during the year. The workers through Master Workers' Council were fully involved in the planning and evaluation of the Fund's targets.

21.2 Equal opportunity employer

The Fund is an equal opportunity employer and persons with disabilities are given opportunities for those vacancies that they are able to fill.

21.3 Training

The Fund has been conducting training programmes to its employees on various disciplines depending on the current training need assessment and financial resources available. The Fund also continued to sponsor staff to short term training and professional seminars. Furthermore, the Fund conducted in house tailored seminars and on the job training to its employees.

21.4 Medical facilities

The Fund continued to provide free medical care to all staff, spouses and up to four children not exceeding eighteen years of age or twenty-one years if under full time education through the arrangement entered with the National Health Insurance Fund (NHIF).

21.5 Financial assistance to staff

Salary advances and other short term financial assistance are available to all staff and granted in accordance with the governing policies. Also, the Fund provides long term loans to staff through a Revolving Fund Loan Scheme for promoting welfare of its members who are NSSF employees.

21.6 Employees benefit plans

The Fund makes contributions to PSSF or NSSF on mandatory basis for its employees registered in the respective Social Security Schemes. The contributions payable by an Employer is 20% of the employee's monthly salary constituting 5% deducted from the employee's salary and 15% contributed by the Employer.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

21.0 EMPLOYEES WELFARE (CONTINUED)

21.7 Health and safety

A safe working environment is ensured for all employees. The Fund has its own health and safety policy at workplace. Additionally, the Fund contributes an equivalent of 0.5% of employee's gross salary to the Workers Compensation Fund which provides benefits to a member who suffer work related injuries or illness.

22.0 GENDER PARITY

The Fund promotes diversity and inclusion practices to maintain good working relationship by maintaining a good standing in staff distribution by gender. The Fund gives equal opportunity to both male and female applicants in the available vacancies.

During the financial year 2022/23, the Fund has 891 male employees (48.7%) and 940 female employees (51.3%) (2021/22: 838 male employees (49.1%) and 869 female employees (50.9%).

Table 37 : Gender Parity

Gender	30 June 2023		30 June 2022	
	Number	%	Number	%
Male	891	48.7	838	49.1
Female	940	51.3	869	50.9
Total	1,831	100.0	1,707	100.0

23.0 ENVIRONMENTAL MATTERS

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

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

The Trustee has computerized key processes and modernized records storage system to minimize the use of papers in processing of benefits and in carrying out other administrative functions as a measure to preserve environment in which the Fund operates.

24.0 ANTI CORRUPTION POLICY

The Fund faces corruption risk and malpractice which impede on the growth of the Fund, tarnish its reputation and affect various social economic development initiatives established by the Government.

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

24.0 ANTI CORRUPTION POLICY (CONTINUED)

It is for this reason that the Fund establishes Anti -corruption policy as a demonstration of its commitment to the highest possible standards of accountability, integrity, innovativeness, team work and transparency to achieve its vision of becoming reliable and sustainable provider of social security services in line with the National Anti-corruption Strategy and Action Plan (NACSAP).

In implementing the policy, during the financial year 2022/23, the staff have attended trainings and seminars on Anti-corruption and unethical behaviour and signed related code of conduct. The Fund carried out regular fraud/corruption/bribe detection audits at regional offices for the purposes of reducing corruption through prevention and deterrence.

25.0 FIGHT AGAINST HIV/AIDS

The Fund has been joining hands in the fight against HIV/AIDS. The Fund provides financial support in the form of donations to different organizations in the fight against the epidemic. Education about the disease is given to the Fund's staff through internal trainings conducted by the Fund. The Fund has its own HIV/AIDS policy and is a member of AIDS Business Coalition in Tanzania, an association of institutions in the fight against AIDS.

26.0 ESSENTIAL CONTRACTUAL OBLIGATIONS

During the financial year 2022/23, the Fund continued to fulfil its obligation in relation to the contracts to which it is a part. The Fund uses its best efforts to keep the contracts entered into in full force and effect. Table 36 below shows a list of the significant contracts entered into by the Fund during the year 2022/23.

NATIONAL SOCIAL SECURITY FUND

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

26.0 ESSENTIAL CONTRACTUAL OBLIGATIONS (CONTINUED)

Table 38 : Significant contracts

S/N	Contractor/ Supplier/Service Provider	Description	Contract Sum in TZS (VAT Inclusive)	Contract period	Contract Commencement	End of the contract	Status	Remarks
1.	M/s Unisoft Technologies (T) Limited	Supply of Members' Card Consumable Under Framework Agreement	550,470,000	Two (2) Years	22 June 2023	21 June 2025	Under implementation	Expected to be completed in time
2.	M/s Majuna General Supplies Company Limited	Provision of Cleaning Services to the Fund's Offices in Tanga, Pangani, Muheza, Lushoto and Korogwe	105,985,653	Two (2) years	18 April 2023	17 April 2025	Under implementation	Expected to be completed in time
3.	M/s Invention Technologies Company Limited	Provision of Backup Solution	110,775,916	One (1) Year	6 Feb 2023	5 February 2024	Under Implementation	Expected to be completed in time
4.	M/s Walters Kluwer TAX and Accounting Limited	Renewal of Licenses and Purchase of new Teammate Licenses	291,185,250	Three (3) years	21 April 2023	20 April 2026	Under implementation	Expected to be completed in time
5.	M/s Invention Technologies Company Limited	Supply of Receipt and Coloured Printers	123,053,515	Forty-Five (45) Days	26 June 2023	10 August 2023	Under Implementation	Expected to be completed in time
6.	M/s Swash Construction LTD	The Renovation of NSSF Office Masasi	191,850,223	Four (4) months	24 April 2023	23 August 2023	Under implementation	Expected to be completed in time

NATIONAL SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

27.0 SOLVENCY

The Trustees confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Trustees have reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

28.0 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) Issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021.

29.0 EVENTS AFTER REPORTING PERIOD

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

30.0 APPROVAL

The report by those charged with governance has been approved by those charged with governance on 7th February 2024 and signed on its behalf by:



MS. MWAMINI JUMA MALEMI
BOARD CHAIRPERSON



MS. LUCY WILLIAM CHIGUDULU
TRUSTEE

NATIONAL SOCIAL SECURITY FUND

STATEMENT OF BOARD OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023

The Fund's Trustees are responsible for the preparation of financial statements that give a true and fair view of the National Social Security Fund comprising the statement of net assets available for benefits as at 30 June 2023, statement of changes in net assets available for benefits, and statements of cash flows for the year then ended, and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information, in accordance with the International Financial Reporting Standards and in the manner required by the National Social Security Fund Act (CAP 50 R.E. 2018).

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the business will not be a going concern for the next twelve months from the date of this statement.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.


Approval of financial statements

The financial statements of the National Social Security Fund, as identified in the first paragraph, were approved by the Board of Trustees on 7th February 2024 and signed on its behalf by:

BY ORDER OF THE BOARD



MS. MWAMINI JUMA MALEMI
BOARD CHAIRPERSON
DATE: 7th February 2024



MS. LUCY WILLIAM CHIGUDULU
TRUSTEE
DATE: 7th February 2024

NATIONAL SOCIAL SECURITY FUND

**DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 30 JUNE 2023**

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 statement of declaration issued by the Head of Finance 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 position of the entity in accordance with applicable accounting standards and statutory requirements. Full legal responsibility for financial statements rests with the Board of Trustees as under the statement of Board of Trustees Responsibilities on the earlier page.

I, CPA Yahya Majid Ally, being the Director of Finance of the National Social Security Fund hereby acknowledge my responsibility for ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



CPA. Yahya Majid Ally

Director of Finance

NBAA Membership No. ACPA 1350

Date: 7th February 2024

NATIONAL SOCIAL SECURITY FUND

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT 30 JUNE 2023**

	Note	30 June 2023 TZS'000	30 June 2022 TZS'000
ASSETS			
Cash and cash equivalents	24	96,358,966	156,645,480
Deposits with banks and financial institutions	25	277,929,635	223,578,323
Listed equity investments at FVPL	26	86,177,397	79,859,867
Unlisted equity investment at FVPL	27	42,264,978	10,778,261
Investment in Mutual Funds at FVPL	28	22,003,946	15,114,966
Government securities at FVPL	29	2,886,131,176	2,566,907,215
Corporate bonds at FVPL	30	20,456,882	10,332,985
Finance lease receivable	31	21,461,299	25,704,808
Contributions and penalty receivables	32	507,349,891	210,727,961
Prepayments and other receivables	33	114,021,494	261,699,689
Investment in long term loans	34	1,093,119,258	844,800,803
Tradable inventories	35	721,653,395	228,389,860
Investment properties	36	1,045,542,410	1,171,786,639
Investment in associates	37	76,875,441	71,582,076
Investment in subsidiaries	38	305,798,107	176,001,416
Stationery and consumables	39	574,085	296,863
Right-of-Use Assets	40	839,018	759,399
Intangible assets	41	1,108,074	1,648,278
Service concession assets	42	152,765,620	166,217,076
Property and equipment	43	60,827,861	55,539,200
Corporation tax recoverable	44	9,125,297	21,361,154
Deferred tax asset	45	80,198,135	86,134,660
Total assets		7,622,582,365	6,385,866,979
LIABILITIES			
Members' claims payable	46	27,229,765	17,590,897
Lease liabilities	47	1,872,327	1,653,109
Accounts payable	48	232,185,875	61,747,243
Deposits by customers for house sale	49	2,672,797	1,109,176
Funds for TTCL pensioners	50	115,612	12,304,858
Deposit Administration Scheme (DAS)	51	9,823,022	10,886,407
Employees benefit obligations	52	157,354,775	200,995,641
		431,254,173	306,287,331
NET ASSETS AVAILABLE FOR BENEFITS		7,191,328,192	6,079,579,648

These financial statements were authorized for issue by the Board of Trustees on 7th February 2024, and were signed on behalf by:


MS. MWAMINI JUMA MALEMI
BOARD CHAIRPERSON


MS. LUCY WILLIAM CHIGUDULU
TRUSTEE

NATIONAL SOCIAL SECURITY FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 TZS'000	30 June 2022 TZS'000
Dealing with members			
Members' contributions income	8	1,712,607,300	1,419,707,758
Penalty from delayed contributions	9	21,013,479	2,186,096
Benefit payments to members	10	(738,609,095)	(659,766,133)
		<u>995,011,684</u>	<u>762,127,721</u>
Income from investments			
Interest income	11	352,006,964	290,100,156
Dividend income	12	4,559,714	2,729,354
Rental income	13	9,607,225	9,253,411
Gain on sale of plots and houses	14	882,699	146,374
Nyerere bridge toll collections	42	13,333,088	13,686,229
Nyerere bridge construction revenue	42	311,201	12,136,227
Fair value (loss)/gain on financial assets	16	(24,026,090)	224,259,735
(Decrease)/increase in the value of tradable inventories	35	(4,640,823)	86,312,501
Increase in fair value of investment properties	36	74,838,262	131,464,983
(Decrease)/increase in fair value of associates	37	5,237,810	3,224,059
Increase/(decrease) in fair value of subsidiaries	38	11,130,492	(15,750,037)
Investment expenses	15	(17,298,388)	(12,191,174)
		<u>425,942,154</u>	<u>745,371,818</u>
Other income			
Other income	17	1,711,076	248,730
Foreign currency exchange gain	18	1,349,559	288,303
		<u>3,060,635</u>	<u>537,033</u>
Expenditure			
Administration expenses	19	(150,042,453)	(119,281,648)
Other charges	20	(4,589,409)	(522,677)
Impairment of assets	21	(41,656,836)	(90,983,835)
Depreciation and amortisation expenses	22	(7,431,580)	(10,162,734)
Nyerere bridge construction costs	42	(311,201)	(12,136,227)
Interest expense on lease liability	17	(432,825)	(321,727)
Employees benefit expenses	52(d)	(35,941,947)	(26,963,899)
		<u>(240,406,251)</u>	<u>(260,372,747)</u>
Net increase in assets before tax		<u>1,183,608,222</u>	<u>1,247,663,825</u>
Income tax expense	23	(148,552,020)	(232,604,705)
Net increase in assets		<u>1,035,056,202</u>	<u>1,015,059,120</u>
Other comprehensive income			
Actuarial gain/(loss)	52(c)	76,692,342	(4,295,086)
Net increase in assets after tax		<u>1,111,748,544</u>	<u>1,010,764,034</u>
Net assets available for benefits as at 1 July		<u>6,079,579,648</u>	<u>5,068,815,614</u>
Net assets available for benefits as at 30 June		<u>7,191,328,192</u>	<u>6,079,579,648</u>

NATIONAL SOCIAL SECURITY FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	30 June 2023 TZS'000	30 June 2022 TZS'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from contributions	32	1,403,614,934	1,251,846,290
Receipts from penalties	32	1,873,890	2,721,943
Receipts from TTCL pensioners scheme	50	-	918,454
Receipts from deposit administration scheme	51	4,219,733	4,285,662
Other income received	17	121,527	248,730
Benefit disbursements	46	(728,970,227)	(658,405,266)
Payments for operations and administrative expenses	48	(187,009,019)	(116,349,586)
Benefits paid from deposit administration scheme	51	(5,283,118)	(1,522,731)
Payments for long term employees' obligation	52	(2,890,471)	(3,012,608)
Purchase of stationery and consumables	39	(1,175,861)	(810,228)
Payment towards lease liability	47	(1,059,916)	(710,231)
Tax paid	44	(130,379,638)	(93,308,132)
Net payments for staff and other receivables	53(a)	(100,498,750)	(43,225,447)
Net cash flows from operating activities		252,563,084	342,676,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from investment	53(b)	347,612,740	272,596,462
Dividend received	33(d)	4,092,048	2,691,869
Rent received	33(a)	9,740,593	6,831,544
Investment in deposits with banks	25	(270,890,839)	(196,726,575)
Redemption of deposits with banks	25	221,912,636	140,591,187
Acquisition of listed equities investment	26	(3,439,335)	-
Acquisition of unlisted equities investment	27	(175,169)	-
Investment in mutual funds	28	(5,000,000)	-
Investment in government securities	29	(560,836,389)	(492,894,829)
Redemption of government securities	29	91,055,606	37,399,080
Investment in corporate bonds	30	(10,000,000)	(10,000,000)
Proceed from sale of houses and plots	31	2,446,320	521,958
Repayment of long-term loans	34	2,221,290	1,855,281
Acquisition of tradable inventories	35	(7,583,379)	(3,742,281)
Acquisition of investment properties	36	(21,886,013)	(9,774,865)
Investment in subsidiaries	38	(118,666,199)	(72,259,218)
Purchase of intangible assets	41	(114,253)	(140,812)
Investment in service concession assets	42	(186,721)	(7,281,737)
Nyerere bridge toll collections	42	13,333,086	13,686,229
Purchase of property and equipment	43	(7,835,181)	(3,116,071)
Net cash flows used in investing activities		(314,199,157)	(319,762,778)
Net cash flows from operating and investment activities		(61,636,073)	22,914,072
Effect of exchange rate changes in cash and cash equivalents	18	1,349,559	288,303
Net Increase in cash and cash equivalents		(60,286,514)	23,202,375
Cash and cash equivalents at 1 July		156,645,480	133,443,105
Cash and cash equivalents at 30 June	24	96,358,966	156,645,480

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. THE REPORTING ENTITY

(a) Establishment

National Social Security Fund ("the Fund") was established under National Social Security Fund Act [CAP. 50. R.E 2018] to provide pension and allied retirement benefits for eligible members. The Fund is a Trust domiciled in Tanzania. It is primarily involved in collection of contributions and investment of the collected fund to earn return to meet the benefit obligations to its members as stipulated under the National Social Security Fund Act [CAP. 50. R.E. 2018].

(b) Scope of recruitment

The Fund is an open plan, running under a defined benefit scheme which covers all employees in the private sector including companies, non-governmental organizations, embassies employing Tanzanians, international organizations and individuals in the informal sector. A registered employer is required to remit a total contribution of 20% of the employees' gross salary (employer's contribution 10%, employee's contribution 10%).

As at 30 June 2023, the number of participating employers was 40,925 (2021/22: 36,923) and plan membership consisted of:

- (i) 1,100,787 (2021/22: 992,713) members from the formal sector and 88,435 (2021/22: 46,470) from the informal sector who are actively contributing to the Fund; and
- (ii) 28,820 (2021/22: 25,608) retirees and beneficiaries receiving monthly pension and 1,596 (2021/22: 718) deferred pensioners.

(c) Principal activities of the Fund

The principal activities of the Fund are:

- (i) Recruitment of members;
- (ii) Collection of contributions;
- (iii) Investment of surplus fund; and
- (iv) Payment of benefits to members.

(d) Benefits offered by the Fund

According to the National Social Security Fund Act [CAP. 50. R.E. 2018], the benefits paid as described below:

(i) Retirement Pension

Members who have contributed to the plan for 15 years or more are entitled to monthly pension benefits beginning at early retirement age of fifty-five years to compulsory retirement age of sixty.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1. THE REPORTING ENTITY (CONTINUED)

(d) Benefits offered by the Fund (Continued)

(i) Retirement Pension (Continued)

Pension benefit is based on years of service and annual pensionable emoluments. The annual compensation is based upon the average three highest annual earnings which a member received during the last 10 years preceding his retirement. Members may elect to commute 25% of their pension entitlement at a commutation factor of 12.5.

(ii) Invalidity Pension

Invalidity pension is a guaranteed income security to a member who has permanently lost his earning capacity, resulting from physical or mental condition or general disease. It is payable to a member who is under pensionable age and has made 180 monthly contributions or at least 36 monthly contributions out of which 12 or more were paid in the period immediately before the date of commencement of invalidity. The benefit payable is equal to the retirement pension.

(iii) Survivors Benefit

For member who dies having contributed to the pension scheme, survivor's benefit will be granted to dependent spouse and children of less than 18 years of age or 21 years of age if attending full-time education.

(iv) Funeral Grants

Funeral grant is paid as a reimbursement to a family who has incurred the burial expenses for the burial of a deceased member. The amount payable shall be on the basis of actual costs incurred and shall not exceed the prescribed ceilings set by the Board of Trustees.

(v) Maternity Benefit

Maternity benefit is payable to a female member who has made at least 36 monthly contributions to the Fund, of which 12 monthly contributions must have been made in the 36 months prior to the expected week of confinement. Maternity benefit is payable for a period of 12 weeks or 84 days at a rate of 100 per centum of Average Insurable Daily Earning (AIDE); calculated by reference to the earnings received during six months of insurable employment immediately prior to the 20th week of pregnancy/date of confinement.

(vi) Unemployment Benefit

A member of pension scheme who ceases to be employed shall be entitled to the unemployment benefit. It is payable to a member who ceases to be employed in the circumstance other than resignation. A member who contributed to the Fund for at least eighteen (18) months is paid monthly payment at the rate of 33.3 percent of his salary/wage earned during the time of cessation from employment.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1. THE REPORTING ENTITY (CONTINUED)

(d) Benefits offered by the Fund (Continued)

(vi) Unemployment Benefit (Continued)

A member who contributed to the Fund for a period of less than eighteen (18) months is paid fifty (50) per centum of his total contribution. If a member is unskilled his benefits shall be paid as a special lumpsum.

(vii) Health Insurance Benefit

Health insurance benefit is payable to a member, the spouse and four children of the member if the member has contributed to the Fund for a minimum of three months of which three months of contributions were paid to the Fund in three months immediately preceding the medical contingency. The medical benefit is provided by the accredited hospitals.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Compliance with IFRS

The Financial Statements of the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The Fund's Financial Statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

b) Measurement of Assets and Liabilities

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

Assets	Measurement basis
Cash and cash equivalent	Amortized cost
Receivables	Amortized Cost
Right-of-use assets	Cost
Intangible assets	Cost
Service concession assets	Cost
Liabilities	Measurement basis
Members' claims payables	Amortized Cost
Lease liabilities	Amortized Cost
Other payables	Amortized Cost

c) Currency

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

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

d) Going concern

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

e) Basis of assets valuation

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

- Investment properties were valued by using direct capital comparison method and replacement cost approach.
- Unlisted equities were valued by using average of market approach through the use of market multiples and the adjusted net asset method.
- Associates were valued by using average of market approach through the use of market multiples and the adjusted net asset method.
- Subsidiaries were valued by using average of market approach through multiples and the adjusted net asset method.
- Listed equities were valued by using market price prevailing in Dar es salaam Stock exchange at the reporting date.
- Mutual funds' assets were valued by using the Net Asset Value (NAV) prevailing at the reporting date.
- Trade inventories are measured at the lower of cost and net realizable value.

f) Comparatives

Some of the comparative numbers have been restated to improve presentations and disclosures.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(1) New and revised IFRSs effective for the period ended 30 June 2023

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

The amendment applies to annual reporting periods beginning on or after 1 January 2023.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(i) New and revised IFRSs effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. (Continued)

The Trustees anticipate that the amendments to IAS 1 and IFRS Practice Statement 2 will have impact in the Fund's financial statements and will be adopted when it becomes effective.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment to IAS 12 narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(i) New and revised IFRSs effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

The amendment applies to annual reporting periods beginning on or after 1 January 2023.

The Trustees anticipate that the amendments to IAS 12 will have impact in the Fund's financial statements and will be adopted when it becomes effective.

Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(i) New and revised IFRSs effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

The amendment applies to annual reporting periods beginning on or after 1 January 2023.

The Trustees anticipate that the amendments to IAS 8 will have impact in the Fund's financial statements and will be adopted when it becomes effective.

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023

The Fund has not applied the following new and revised IFRSs that have been issued since are not yet effective. The Fund will apply these standards, if applicable, when they become effective.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
IFRS 51	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS 52	Climate-related Disclosures

¹ Effective for annual periods beginning on or after 1 January 2024.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer settlement must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- Disclosures.

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Continued)

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance. However, in these circumstances an entity may need to disclose information about the timing of settlement to enable users to understand the impact on its financial position.

Meaning of the term 'settlement'

The Board added paragraphs 76A and 76B to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities as well as any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Continued)

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.

The amendment applies to annual reporting periods beginning on or after 1 January 2024.

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

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

Amendments to IFRS 16 - Lease Liability In a Sale and Leaseback (Continued)

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

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

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Characteristics

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Disclosure requirements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (Continued)

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures.

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

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

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

3. ADOPTION (CONTINUED) OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS S1: General Requirements for Disclosure of Sustainability -related Financial Information

The objective of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

The standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. For the purposes of this Standard, these risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

Fair presentation

A complete set of sustainability-related financial disclosures shall present fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.

Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities.

Governance

The objective of sustainability-related financial disclosures on governance is to enable users of general-purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.

Strategy

The objective of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS S1: General Requirements for Disclosure of Sustainability - related Financial Information (Continued)

Risk management

The objective of sustainability-related financial disclosures on risk management is to enable users of general-purpose financial reports:

- (a) to understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process;
- (b) to assess the entity's overall risk profile and its overall risk management process.

Metrics and targets

The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an entity's performance in relation to its sustainability-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects:

- (a) metrics required by an applicable IFRS Sustainability Disclosure Standard; and
- (b) metrics the entity uses to measure and monitor:
 - (i) that sustainability-related risk or opportunity; and
 - (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

Effective date

This standard will be effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS S2 Climate-related Disclosures at the same time.

The Fund is still assessing the impact of this standard to the Fund's financial statement and will be applied when becomes effective.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS S2: Climate-related Disclosures

The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standard requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. For the purposes of this Standard, these risks and opportunities are collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

Governance

The objective of climate-related financial disclosures on governance is to enable users of general-purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

Strategy

The objective of climate-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

Specifically, an entity shall disclose information to enable users of general-purpose financial reports to understand:

- (a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- (b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain;
- (c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan;

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS S2: Climate-related Disclosures (Continued)

Strategy (Continued)

- (d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning; and
- (e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.

Risk management

The objective of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

To achieve this objective, an entity shall disclose information about:

- (a) the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:
 - (i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);
 - (ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;
 - (iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);
 - (iv) whether and how the entity prioritises climate-related risks relative to other types of risk;
 - (v) how the entity monitors climate-related risks; and

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS 52: Climate-related Disclosures (Continued)

Risk management (Continued)

- (vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;
- (b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and
- (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

Metrics and targets

The objective of climate-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

To achieve this objective, an entity shall disclose:

- (a) information relevant to the cross-industry metric categories;
- (b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry; and
- (c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.

Effective date

This standard will be effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS 51 General Requirements for Disclosure of Sustainability-related Financial Information at the same time.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

(ii) New and revised IFRSs in issue but not yet effective for the period ended 30 June 2023 (Continued)

IFRS 52: Climate-related Disclosures (Continued)

The Fund is still assessing the impact of this standard to the Fund's financial statement and will be applied when becomes effective.

(iii) Early adoption of the standards

The Fund did not early-adopt any new or revised standards in year ended 30 June 2023.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

(a) Member's contributions income

It is the obligation of the employer, for every contribution period to remit to the Fund 20% of the employees' wage as joint contribution between the employer and employee. The contributing employer pay contribution to the Fund within one month after the end of the month in respect of which the contributions are due and payable. The Fund recognises contribution revenue at an amount that reflects the consideration to which the Fund expects to be entitled to receive from the employer in the period in which the respective contributions fall due. Members' contributions are accounted in the period in which they fall due regardless of when the payment is received.

(b) Interest income

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

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

(c) Dividend income

Dividend income is recognised when the right to receive payment is established and the shareholders approve the dividends. Dividends are presented in the investment income of the Fund.

(d) Sale of houses and plots

The Fund recognises revenue when it transfers control of houses or plots to a customer in line with IFRS 15. Control transfers when a customer makes full payment of purchase price and all sums due 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 12 months from the date of execution of the sale agreement.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Revenue recognition (continued)

(d) Rental income

Rental income from operating leases on investment property is recognised when the consideration is due from the tenant. The Fund recognises rent income at an amount that reflects the consideration to which the Fund expects to be entitled to receive from the tenant in the period in which the respective rental income falls due. Rental income is accounted in the period in which they fall due regardless of when the payment is received. Rent income is accounted in a straight-line basis over the term of the relevant lease.

(e) Other income

Other income comprises of loan commitment fees, tender fees, NIC agency commission and other miscellaneous incomes. The Fund recognises other income at an amount that reflects the consideration to which the Fund expects to be entitled to receive from the customer in the period in which the respective income falls due. Other income is accounted in the period in which the payment is received.

(f) Penalty income

If any contribution is not paid within the period stated under Section 14 subsection (1) of the NSSF Act, a sum equal to five per centum of the amount unpaid shall be added as penalty for each month or a part of a month after the date when payment should have been made and the amount of the penalty shall be recovered as a debt owing to the Fund by the employer. The Fund recognises penalty income at an amount equal to five (5) per centum of the amount unpaid for each month or a part of a month after the date when payment should have been made. Penalty income is accounted in the period in which they fall due regardless of when the payment is received.

(g) Service concession revenue

Revenue related to construction or upgrade services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Fund's accounting policy on recognizing revenue and costs from construction contracts. Operation or service revenue and costs is recognised in the period in which the service is provided by the Fund.

4.2 Benefit payments to members

Benefits to members are accounted for on an accrual basis. Benefits payable to members are recorded as an expense in the statement of changes in net assets available for benefits. Provision is made in respect of benefits submitted to the Fund but not payable at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Property and equipment

Items of property and equipment are recognised as assets when it is probable that: it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Property and equipment are stated in the statement of net assets available for benefits, at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets Depreciation is calculated using the straight-line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Description	Depreciation rates
Motor vehicles	12.5%
Motor cycles	25.0%
Furniture and fittings	12.5%
Office machines and equipment	20.0%
Computer equipment	25.0%

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

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

Derecognition

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Intangible assets - Computer Software

Intangible assets acquired are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged in the statement of changes in net assets available for benefits in the year in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at each financial year end date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

The amortization expense on intangible assets with finite is recognised in the statement of changes in net assets available for benefits. The annual rate of amortization intangible assets, which has been consistently applied, is 15 years. The intangible assets with infinite life are not amortised.

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

Impairment

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

Derecognition

The Fund derecognized intangible asset on either disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The Fund recognize this in profit or loss when the asset is derecognized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Investment in properties

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 initially measured at cost, including transaction costs. Subsequently to initial recognition, investment property is stated at fair value.

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.

Fair value is determined based on annual valuation performed by an accredited internal valuer applying valuation model recommended by the International Valuation Standards Committee. After every three-year, fair value are determined by an accredited external independent valuer applying valuation model recommended by the International Valuation Standards Committee.

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.

Derecognition

Investment properties are derecognized when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Where the Fund disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefits.

Transfer

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets held for sale include only assets available for immediate sale in their present condition in respect of which there is a high probability that a sale will have been completed within one year from the date of reclassification.

Non-current assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell and are not depreciated.

4.7 Leases

(a) The Fund as lessee

The Fund has lease contracts for various offices which is used for operations. Leases of offices are generally had lease terms between 1 and 5 years. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Fund's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Fund is restricted from assigning and subleasing the leased assets.

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

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

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Leases (Continued)

Right-of-use assets

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

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

Lease liabilities

At the commencement date of the lease, the Fund recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g., change to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(b) The Fund as lessor

The Fund enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Fund is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Leases (Continued)

Lease liabilities (Continued)

(b) The Fund as lessor (Continued)

When the Fund is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as an operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Fund's net investment in the leases.

4.8 Investments in associates

An associate is an entity over which the Fund is in a position to exercise significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

In accordance with the exemption in IAS 28 Investments in Associates and Joint Ventures, the Fund does not account for its investments in associates using the equity method. IAS 26 requires the retirement benefits plan investments to be carried at fair value. Accordingly the Fund measures its investments in associates at FVPL.

Investments in associates are carried in the statement of net assets available for benefits at fair value or cost less any impairment loss in the value of individual investments where Fund's interest in the investee is less than cost (if fair value cannot be reliably determined).

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

4.9 Inventories

(a) Inventories held for sale (Tradable inventories)

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on first-in-first out principle and includes the expenditure incurred in acquiring the inventory, and other costs incurred in bringing them to their existing location and condition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Inventories (Continued)

(b) Stationery and consumables

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses or the replacement cost as appropriate.

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 realisable 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.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Trustees' best estimate of the expenditure required to settle the obligation at the financial reporting date, and are discounted to present value where the effect is material. Provisions are measured at amortised cost.

Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

4.11 Impairment of non-financial assets other than investment properties

The carrying amounts of the Fund's non-financial assets other than investment properties, and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists, the asset's recoverable amount is estimated and an impairment loss recognised in the statement of changes in net assets available for benefits whenever the carrying amount of an asset exceeds its recoverable amount.

An asset's recoverable amount is the higher of fair value of an assets or cash-generating units (CGU) less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount that would have been determined net of depreciation or amortisation if no impairment loss was recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Foreign currency translation

Foreign currency transactions that are denominated, or require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated into Tanzanian shillings with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in the statement of changes in net assets available for benefits).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to insignificant risk of change in fair value and are used by the Bank in management of its short-term commitments.

4.14 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognised when the Fund becomes a party to the contractual provisions of the instruments. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Financial Instruments - Initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement of Financial Assets

For purposes of subsequent measurement, financial assets are classified in two categories for the Fund;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Financial instruments - initial recognition and subsequent measurement (Continued)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost includes contribution receivable, penalty receivable, cash and cash equivalent, and other receivable (excluding prepayments, deposits and imprest).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments, investment in Government securities which the Fund had not irrevocably elected to classify at fair value through profit and loss. Dividends on listed equity investments are recognised as dividend income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of net assets available for benefits) when:

- The rights to receive cash flows from the asset have expired; Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Financial instruments - initial recognition and subsequent measurement (Continued)

Derecognition (Continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Impairment

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

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

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

12-month ECL

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

Lifetime ECL

For trade receivables, other receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund applies a single loss-rate approach to receivables or groups of receivables as might be appropriate based on its average historical loss rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Financial Instruments - initial recognition and subsequent measurement (Continued)

Impairment (Continued)

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

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

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

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

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

Write off

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Financial instruments - initial recognition and subsequent measurement (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Fund's financial liabilities include Members' claims payable, Lease liabilities, Other payable, Funds for TTCL pensioners and Employees' benefit obligations

Subsequent measurement

After initial recognition, subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of changes in net assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Write off a financial asset shall require the approval from the appropriate authority.

Financial assets written-off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries are credited to the statement of changes in net assets available for benefits.

4.16 Taxation

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax relates to taxable investment income, other income and the related expenses. Contribution from members and the related benefit expenses are exempt.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Taxation (Continued)

Deferred tax (Continued)

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Expenses and assets are recognised inclusive of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is recoverable from the taxation authority, in which case the value added tax is recognised as an asset while the cash recovery process is on progress.

4.17 Employee benefits

Short term benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognised in the statement of changes in net assets available for benefits in the period the employees render the services. Provision is made for estimated liability in respect of annual leave accrued on reporting date.

Defined contribution scheme

The Fund pays contributions to publicly administered pension plans on a mandatory basis which qualifies to be defined contribution plan.

A defined contribution plan is a pension plan under which the Fund pays fixed contribution into a pension Fund. The Fund has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense in statement of changes in net assets available for benefits in the periods during which related services are rendered by employees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Employee benefits (Continued)

Short term benefits (Continued)

Defined contribution scheme (Continued)

All of the Fund's employees are members of the Public Service Social Security Fund (PSSSF). The Fund and employees both contribute a total of 20% of the employees' gross salaries to PSSSF.

Workers Compensation Fund

This is a social security scheme established for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. The Fund is required to contribute to the fund 0.5% of the monthly basic salaries. The Fund remits the contributions on month-to-month basis and costs recognised in respective months.

Other long-term employment benefits

The Fund has an unfunded non-contributory employee long service award arrangement for its permanent and pensionable employees (the 'Arrangement'). The arrangement provides for lump sum payments to its employees on attaining a specific number of years of service with the Fund based on length of service and salary. Payments for the long service awards to the employees are made from the Fund's internally generated funds.

The Fund's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in statement of changes in net assets available for benefits in the period in which they arise.

Staff gratuity benefits

The Fund operate an unfunded lump sum Gratuity Agreement with its employees. The arrangement is unfunded thus, gratuity benefits are paid out of the Fund's general revenues. Upon retirement, termination due to illness or death in service, an employee is entitled to receive a lump sum equals to half of his/her annual basic salary times the number of years in service.

The Fund's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The calculation of defined benefit obligations is performed annually by a qualified actuary.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Employee benefits (Continued)

Staff gratuity benefits (Continued)

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of net assets available for benefits in the period in which they occur. Re-measurements are not reclassified to statement of changes in net assets available for benefits in subsequent periods.

The arrangement provides benefits of a defined benefit nature (i.e. salary and service related). Therefore, one of the main risks relating to the benefits under the arrangement is the rates of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid under the arrangement.

4.18 Service concession arrangements

The Fund recognizes an intangible asset arising from a service concession arrangement when it has a right to charge users for use of the concession infrastructure. An intangible asset received as a consideration for providing construction or upgrade services in a service arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the service concession asset is measured at cost, less accumulated amortisation and accumulated impairment loss.

The estimated useful life of the service concession asset in a service concession arrangement is the period from when the Fund is able to charge the public for the use of the infrastructure to the end of the concession period.

The Fund recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at cost on initial recognition and classified as financial assets at amortised cost. Subsequent to initial recognition, the financial assets are measured at amortised cost.

If the Fund is paid for the construction services partly by a financial asset and partly by an intangible asset, then each of the component of the consideration is measured separately and is initially recognised at the fair value of the consideration.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Investment in subsidiaries

The IAS 26 requires the retirement benefits plan investments to be carried at fair value. Accordingly, the Fund measures its investments in subsidiaries at fair value through profit and loss.

Subsidiaries are entities controlled by the Fund. The control as defined is achieved when the Fund has all of the following;

- (i) Power over the relevant activities of the investee;
- (ii) Exposure, right to variable returns from its involvement within the investee; and
- (iii) The ability to affect those returns through its power over the investee.

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumption are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

In the process of applying the Fund's accounting policies, management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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. These are dealt with below:

(a) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of net assets available for benefits cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Estimation on fair value of Investment property

The Fund carries its investment properties at fair value, with changes in fair value being recognised in the statement of changes in net assets available for benefits. The investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

(c) Useful lives of Property and Equipment

Critical estimates are made by the Trustees in determining depreciation rates for properties and equipment and their residual values. The rates applied are set out in Note 4.3. The Fund reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the Board of Trustees determined no significant changes in the useful lives and residual values.

(d) Expected Credit Losses

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

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

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

(e) Actuarial valuation of the Fund

The present value of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) Actuarial valuation of employee's benefits obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the Fund employee benefit obligations.

The Fund determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Fund considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. The carrying amount of the pension obligation and additional information is disclosed in Note 57 to the financial statements.

(g) Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

(h) Determining the lease term of contracts with renewal and termination options - Fund as a lessee

The Fund determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Fund has several lease contracts that include extension and termination options. The Fund applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Fund reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(i) Property lease classification - Fund as lessor

The Fund has entered into commercial property leases on its investment property portfolio. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

(j) Leases - Estimating the incremental borrowing rate

The Fund cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Fund would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Fund 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Fund estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities at fair value by level of the fair value hierarchy. Assets and liabilities are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- i) **Level 1** - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) **Level 2** - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices); and
- iii) **Level 3** - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

30 June 2023	Note	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Total TZS'000
Assets					
Listed equity investment	26	86,177,397	-	-	86,177,397
Unlisted equity investment	27	-	42,264,978	-	42,264,978
Investment in Mutual Funds	28	-	22,003,946	-	22,003,946
Investment in government securities	29	-	2,886,131,176	-	2,886,131,176
Investment in corporate bonds	30	-	20,456,882	-	20,456,882
Investment in long term loans	34	-	1,093,119,258	-	1,093,119,258
Investment properties	36	-	-	1,045,542,410	1,045,542,410
Investment in associates	37	-	76,875,441	-	76,875,441
Investment in subsidiaries	38	-	305,798,107	-	305,798,107
		86,177,397	4,446,649,788	1,045,542,410	5,578,369,595
30 June 2022					
Assets					
Listed equity investment	26	79,859,867	-	-	79,859,867
Unlisted equity investment	27	-	10,778,261	-	10,778,261
Investment in Mutual Funds	28	-	15,114,966	-	15,114,966
Investment in government securities	29	-	2,566,907,215	-	2,566,907,215
Investment in corporate bonds	30	-	10,332,985	-	10,332,985
Investment in long term loans	34	-	844,800,803	-	844,800,803
Investment properties	36	-	-	1,171,786,639	1,171,786,639
Investment in associates	37	-	71,582,076	-	71,582,076
Investment in subsidiaries	38	-	176,001,416	-	176,001,416
		79,859,867	3,695,517,722	1,171,786,639	4,947,164,228

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Some of the Fund's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular the valuation technique (s) and inputs used).

Financial assets/ liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment in Government securities	Discounted Cash Flow Method. Carrying amounts are discounted at the rate that reflects interest rates from yield curve, interest from commercial banks and Repos Weighted Average Yield.	Market interest rate	N/A
Corporate debt securities	Discounted Cash Flow Method. Carrying amounts are discounted at the rate that reflects interest rates from yield curve, interest from commercial banks and Repos Weighted Average Yield.	Market interest rate	Fair value increases with the increase in market interest rates.
Investment in long term loans	Discounted Cash Flow Method. Overall lending rate of commercial as per the Bank of Tanzania (BOT) Monthly Economic Review report. Average lending rate for similar category from different commercial banks of similar nature of operations.	Expected cash flows, market interest rate, timing of the cash flows.	Fair value increases with the decrease in market interest rates. The far the cash flow from valuation date, the lower the fair value and vice versa.
Listed equities investments	Quoted bid prices in an active market.	Quoted prices	N/A
Unlisted share investment and Investment in Mutual Funds	The above NSSF investments have been valued using the relative valuation approach using Price-to-Book Value of Equity multiples. This approach involves comparing the value of target asset to the values assessed by the market for similar or comparable assets.	Adjusted market multiples.	The estimated fair value would increase (decrease) if the adjusted market multiples were higher (lower).
Investment in associates and subsidiaries	Comparative, Investment and Profit methods.	Average industry rental income and average industry market yield	The estimated fair value would increase (decrease) if the adjusted market multiples were higher (lower).

NATIONAL SOCIAL SECURITY FUND
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	Note	At FVTPL	At amortised cost	Total
		TZS'000	TZS'000	TZS'000
30 June 2023				
Financial Assets				
Cash and Bank balances	24	-	96,358,966	96,358,966
Deposits with banks and financial institutions	25	277,929,635	-	277,929,635
Listed equity investment	26	86,177,397	-	86,177,397
Unlisted equity investment	27	42,264,978	-	42,264,978
Investment in Mutual Funds	28	22,003,946	-	22,003,946
Investment in government securities	29	2,886,131,176	-	2,886,131,176
Investment in corporate bonds	30	20,456,882	-	20,456,882
Finance lease receivables	31	-	21,461,299	21,461,299
Contribution and penalty receivables	32	-	507,349,891	507,349,891
Prepayment and other receivables*	33	-	111,996,858	111,996,858
Investment in long term loans	34	1,093,119,258	-	1,093,119,258
		4,428,083,272	737,167,014	5,165,250,286
Financial liabilities				
Members' claims payable	46	-	27,229,765	27,229,765
Accounts payable	48	-	232,185,875	232,185,875
Funds for TTCL pensioners	50	-	115,612	115,612
Deposit Administration Scheme (DAS)	51	-	9,823,022	9,823,022
			269,354,274	269,354,274

*Prepayment and other receivables do not include advance to contractors, prepayments and advance to members amounting to TZS 2.02 billion.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2022	Note	At FVTPL TZS'000	At amortised cost TZS'000	Total TZS'000
Financial Assets				
Cash and Bank balances	24	-	156,645,480	156,645,480
Deposits with banks and financial institutions	25	223,578,323	-	223,578,323
Listed equity investment	26	79,859,867	-	79,859,867
Unlisted equity investment	27	10,778,261	-	10,778,261
Investment in Mutual Funds	28	15,114,966	-	15,114,966
Investment in government securities	29	2,566,907,215	-	2,566,907,215
Investment in corporate bonds	30	10,332,985	-	10,332,985
Finance lease receivables	31	-	25,704,808	25,704,808
Contribution and penalty receivables	32	-	210,727,961	210,727,961
Prepayments and other receivables*	33	-	258,372,037	258,372,037
Investment in long term loans	34	844,800,803	-	844,800,803
		3,751,372,420	651,450,286	4,402,822,706
Financial liabilities				
Members' claims payable	46	-	17,590,897	17,590,897
Accounts payable	48	-	61,747,243	61,747,243
Funds for TTCL pensioners	50	-	12,304,858	12,304,858
Deposit Administration Scheme (DAS)	51	-	10,886,407	10,886,407
			102,529,405	102,529,405

*Prepayment and other receivables do not include advance to contractors, prepayments and advance to members amounting to TZS 3.33 billion.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
8. MEMBERS CONTRIBUTIONS INCOME		
See accounting policy No. 4.1 (a)		
Employers' contributions	854,979,308	708,727,065
Employee's contributions	854,979,308	708,727,065
Voluntary contributions	2,422,149	2,065,034
Other	226,535	188,594
	<u>1,712,607,300</u>	<u>1,419,707,758</u>

The summary of active employers and membership data as at 30 June 2023 and 30 June 2022 is given in the table below:

	<u>30 June 2023</u>		<u>30 June 2022</u>	
	Employers	Members	Employers	Members
Formal sector	40,925	1,100,787	36,923	992,713
Informal sector	N/A	88,435	N/A	46,470
Total	<u>40,925</u>	<u>1,189,222</u>	<u>36,923</u>	<u>1,039,183</u>

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
9. PENALTY FROM DELAYED CONTRIBUTIONS		
See accounting policy No. 4.1 (g)		
Penalty income	<u>21,013,479</u>	<u>2,186,096</u>

10. BENEFIT PAYMENTS TO MEMBERS

See accounting policy No. 4.2

Old age benefit	110,475,961	97,172,122
Survivor benefit	18,473,143	18,950,425
Invalidity benefit	133,679	408,516
Maternity benefit	16,406,803	13,861,883
Funeral grants	19,884	24,320
Unemployment benefit	391,037,486	382,019,245
Health insurance	39,169,724	28,248,832
Retirement pension	132,794,167	102,875,099
Death grants	3,184,795	3,819,768
Surrender Value Benefit	17,480,777	11,777,565
Refund of contributions	9,432,676	608,358
	<u>738,609,095</u>	<u>659,766,133</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
11. INTEREST INCOME		
See accounting policy No. 4.1 (b)		
Interest income on deposits with banks (Note 25)	26,792,081	21,274,713
Interest income on Government securities (Note 29)	309,211,108	264,817,897
Interest income from TTCL Pensioners' fund investment (Note 29)	10,535,767	-
Interest income from corporate bonds (Note 30)	1,391,041	203,716
Interest income from staff loans (Note 33)	473,618	199,617
Interest income on long term loans (Note 34)	3,603,349	3,604,213
	<u>352,006,964</u>	<u>290,100,156</u>
12. DIVIDEND INCOME		
See accounting policy No. 4.1 (c)		
Tanzania Breweries Limited	348,181	306,159
TOL Gases Limited	1,600	1,391
Tanzania Portland Cement Company Limited	867,582	867,582
NMB Bank Plc	725,128	307,364
Tanzania Reinsurance Company Limited (TAN-RE)	390,978	476,932
CRDB Bank Plc	660,409	528,328
Azania Bank Limited	1,238,690	-
Jubilee Life Insurance Company Limited	12,500	140,904
Watumishi Housing Company Limited	124,205	43,612
Swissport Tanzania Limited	23,369	57,082
Ubungo Plaza Limited	167,072	-
	<u>4,559,714</u>	<u>2,729,354</u>
13. RENTAL INCOME		
See accounting policy No. 4.1 (e)		
Commercial office spaces	6,527,494	7,151,699
Commercial residential houses	1,598,054	1,068,428
Workers houses	110,332	102,436
Warehouses	1,371,515	925,906
Service charges	-	10,686
Refund of rent paid	(170)	(5,744)
	<u>9,607,225</u>	<u>9,253,411</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
14. GAIN ON SALE OF PLOTS AND HOUSES		
See accounting policy No. 4.1 (d)		
Revenue from sale of plots	508,805	585,529
Cost of plots	<u>(360,930)</u>	<u>(439,155)</u>
Net gain on sale of plots	147,875	146,374
Revenue from sale of houses	6,528,606	-
Cost of houses	<u>(5,793,782)</u>	<u>-</u>
Net gain on sale of houses	734,824	-
Total gain on sale of plots and houses	<u>882,699</u>	<u>146,374</u>
15. INVESTMENT EXPENSES		
Repairs and maintenance expenses	5,282,161	4,018,756
Property management expenses	1,893,249	926,086
Housekeeping expenses	205,037	509,175
Property security expenses	1,751,207	1,701,260
Electricity expenses	119,250	139,623
Water expenses	90,403	129,341
Property insurance expenses	768,894	549,208
Investment consultancy expenses	225,252	208,000
Brokerage and commission expenses	511,875	4,700
Project implementation expenses	629,317	569,532
Investment administration expenses	2,287,615	846,907
Nyerere bridge operating expenses	<u>3,534,128</u>	<u>2,588,586</u>
	<u>17,298,388</u>	<u>12,191,174</u>
16. FAIR VALUE GAIN ON FINANCIAL ASSETS		
See accounting policy No. 4.14		
Listed equities (Note 26)	2,878,195	4,357,521
Unlisted equities (Note 27)	5,585,629	(12,970,926)
Mutual fund investment (Note 28)	1,888,980	195,316
Government securities (Note 29)	(146,747,813)	221,574,417
Corporate bonds (Note 30)	7,981	129,269
Long term loans (Note 34)	<u>112,360,938</u>	<u>10,974,138</u>
	<u>(24,026,090)</u>	<u>224,259,735</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
17. OTHER INCOME		
See accounting policy No. 4.1 (f)		
Miscellaneous income	1,108,224	193,574
Loan appraisal fee	-	38,127
Commission - TTCL Pensioners Scheme	573,928	-
Surcharges	28,924	17,029
	<u>1,711,076</u>	<u>248,730</u>
The amount in other income includes non-cash items amounted to TZS 1.59 billion. The details of cash items in other income are as detailed below:		
Miscellaneous income	92,603	193,574
Loan appraisal fee	-	38,127
Surcharges	28,924	17,029
	<u>121,527</u>	<u>248,730</u>
18. FOREIGN CURRENCY EXCHANGE GAIN		
See accounting policy No. 4.12		
Foreign currency exchange gain	1,382,754	631,432
Foreign currency exchange loss	(33,195)	(343,129)
	<u>1,349,559</u>	<u>288,303</u>
19. ADMINISTRATION EXPENSES		
Personnel expenses ¹	106,712,041	82,165,909
Member administration expenses	6,358,812	5,353,901
Office expenses	11,428,989	10,500,475
Travelling expenses	4,896,533	4,904,762
Cleaning	612,473	413,004
Training expenses	1,508,477	1,210,681
Maintenance and running expenses	5,155,620	4,101,526
Conference and missions	2,678,041	2,321,321
Board of Trustees fees	92,470	89,500
Board of Trustees expenses	402,369	284,532
Tender Board Expenses	694,959	664,031
Auditor's remuneration	901,976	810,682
Promotion and publicity expenses	2,065,284	1,438,649
Donations and sponsorship	2,605,019	1,884,523
Fees and other charges	2,943,399	2,636,992
Other expenses	985,991	501,160
	<u>150,042,453</u>	<u>119,281,648</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
19. ADMINISTRATIVE EXPENSES (CONTINUED)		
PERSONNEL EXPENSES		
Staff salaries	62,101,923	48,708,651
Temporary staff salaries	300	3,345
Staff pension contributions	9,311,169	7,668,830
Insurance & workmen compensation	379,446	302,327
Skills and Development Levy	3,465,646	2,828,267
Acting allowance	66,825	81,677
Terminal benefits	73,976	172,935
Overtime allowance	502,085	815,779
Housing allowance	12,705,309	10,107,709
Accrued leave expenses	5,624,327	4,349,101
Staff medical expenses	8,784,870	3,646,933
Staff welfare	3,577,020	2,812,542
Staff uniform	119,145	667,813
	<u>106,712,041</u>	<u>82,165,909</u>
20. OTHER CHARGES		
Withholding tax expense on investments	<u>4,589,409</u>	<u>522,677</u>
21. IMPAIRMENT OF ASSETS		
See accounting policy No. 4.14		
Finance lease receivables (Note 31)	8,517,309	(3,060,872)
Members' contributions and penalty receivables (Note 32)	31,287,146	107,846,830
Staff loans and advances (Note 33)	1,495,220	(7,169,385)
Rent receivables (Note 33)	457,239	1,833,138
RITA Receivables (Note 33)	-	(3,949,367)
Kigamboni Bridge receivables (Note 33)	(1,743,327)	(4,516,809)
Dividend receivables (Note 33)	43,954	-
Long term loans (Note 34)	1,599,295	-
	<u>41,656,836</u>	<u>90,983,835</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
22. DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of Right-of-Use assets (Note 40)	766,690	494,512
Amortisation of intangible assets (Note 41)	654,457	111,391
Amortisation of service concession assets (42)	953,777	5,638,547
Depreciation of property and equipment (Note 43)	5,056,656	3,918,284
	<u>7,431,580</u>	<u>10,162,734</u>

23. INCOME TAX EXPENSES

See accounting policy No. 4.16

Current income tax	83,998,318	76,636,862
Current income tax - prior year understatement	58,617,177	51,470,348
Deferred income tax - current year (Note 45)	5,936,525	104,497,495
	<u>148,552,020</u>	<u>232,604,705</u>

The tax on the Fund's operating results before tax differs from the amount that would arise using the basic tax rate as follows:

Statutory tax rate:	30%	30%
Effective tax rate:	<u>(8%)</u>	<u>(15%)</u>
	<u>22%</u>	<u>15%</u>

Tax effects of:

Income not subject to tax	(45%)	34%
Expenses not deductible for tax purposes	23%	(19%)
	<u>(22%)</u>	<u>15%</u>

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000

24. CASH AND CASH EQUIVALENTS

See accounting policy No. 4.14

National Bank of Commerce (T) Limited	(6,213,721)	3,666,843
National Microfinance Bank Plc	22,672,164	19,795,607
Standard Chartered Bank Limited	6,615,885	207,478
CRDB Bank Plc	29,797,999	23,717,163
Citibank Tanzania Limited	-	139
Azania Bank Limited	7,482,090	43,136,431
Bank of Tanzania	36,004,549	66,121,819
	<u>96,358,966</u>	<u>156,645,480</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	30 June 2023	30 June 2022
	TZS'000	TZS'000
24. CASH AND CASH EQUIVALENTS (CONTINUED)		
Analysis of cash and cash equivalents held:		
Collection accounts	97,023,581	143,671,858
Administration expenditure accounts	(664,615)	12,973,622
	<u>96,358,966</u>	<u>156,645,480</u>
25. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS		
See accounting policy No. 4.14		
Fixed deposits with banks and financial institution	267,169,702	217,812,182
Interest receivable on fixed deposits	10,759,933	5,766,141
	<u>277,929,635</u>	<u>223,578,323</u>
Maturity analysis:		
Maturing within three months or less	88,321,885	53,925,987
Maturing after 3 months but within 1 year	189,607,750	169,652,336
	<u>277,929,635</u>	<u>223,578,323</u>
Movement in deposit with banks and financial institutions		
As at 1 July	223,578,323	164,474,788
Additions	270,890,839	196,726,575
Matured	(221,912,636)	(140,591,187)
Accrued interest income (Note 11)	26,792,081	21,274,713
Interest received [Note 53 (b)]	(21,418,972)	(18,306,566)
As at 30 June	<u>277,929,635</u>	<u>223,578,323</u>
26. LISTED EQUITY INVESTMENT AT FVPL		
See accounting policy No. 4.14		
TOL Gases Limited	26,000	22,000
Tanzania Breweries Limited	13,086,802	13,086,802
Tanga Cement Company Limited (SIMBA)	2,076,915	1,684,609
Swissport Tanzania Plc (DAHACO)	2,873,262	2,260,299
Tanzania Portland Cement Company Limited (TPCC)	8,898,272	8,275,393
CRDB Bank Plc (CRDB)	6,897,610	5,870,306
NMB Bank Plc (NMB)	8,823,241	4,968,792
TPS Eastern Africa (Serena) Limited	375,303	571,674
Vodacom Plc	43,119,992	43,119,992
	<u>86,177,397</u>	<u>79,859,867</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
26. LISTED EQUITY INVESTMENT AT FVPL (CONTINUED)		
As at 1 July	79,859,867	75,502,346
Additions	3,439,335	-
Fair value gain during the year (Note 16)	2,878,195	4,357,521
As at 30 June	<u>86,177,397</u>	<u>79,859,867</u>

The trading prices per share at last date of trading were as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS	TZS
TOL Gases Limited	650	550
Tanzania Breweries Limited (TBL)	10,900	10,900
Tanga Cement Company Limited (SMBA)	1,800	1,460
Swissport Tanzania Plc (DAHACO)	1,500	1,180
Tanzania Portland Cement Company Limited (TPCC)	4,000	3,720
CRDB Bank Plc (CRDB)	470	400
NMB Bank Plc (NMB)	3,480	3,120
TPS Eastern Africa (Serena) Limited	193	270
Vodacom Plc	770	770

Listed equities investment representing 5% or more of total investment in listed equities separately identified are summarised below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Tanzania Breweries Limited (TBL)	13,086,802	13,086,802
Tanzania Portland Cement Company Limited (TPCC)	8,898,272	8,275,393
CRDB Bank Plc (CRDB)	6,897,610	5,870,306
NMB Bank Plc (NMB)	8,823,241	4,968,792
Vodacom Plc	43,119,992	43,119,992
	<u>80,825,917</u>	<u>75,321,285</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

26. LISTED EQUITY INVESTMENT AT FYPL (CONTINUED)

Details	Equity (Shares)		Equities (Values)					
	Balance at 1 July 2022 (Units)	Additions (Units)	Balance at 30 June 2023 (Units)	Balance at 1 July 2022 TZS'000	Additions TZS'000	Gain/(Loss) in fair value at 30 June 2023 TZS'000	Market value at 30 June 2023 TZS'000	Market value at 30 June 2022 TZS'000
TOL Gases Limited	40,000	-	40,000	22,000	-	4,000	26,000	22,000
Tanzania Breweries Limited (TBL)	1,200,624	-	1,200,624	13,086,802	-	-	13,086,802	13,086,802
Tanga Cement Company Limited (SIMBA)	1,153,842	-	1,153,842	1,684,609	-	392,306	2,076,915	1,684,609
Swissport Tanzania Plc (DAHACO)	1,915,508	-	1,915,508	2,260,299	-	612,963	2,873,262	2,260,299
Tanzania Portland Cement Company Limited (TPCC)	2,224,968	-	2,224,968	6,275,393	-	622,879	8,898,272	8,275,393
CRDB Bank Plc (CRDB)	14,675,766	-	14,675,766	5,870,306	-	1,027,304	6,897,610	5,870,306
NMB Bank Plc (NMB)	1,592,561	942,853	2,535,414	4,968,792	3,439,335	415,114	8,823,241	4,968,792
TPS Eastern Africa (Serena) Limited	1,943,956	-	1,943,956	571,674	-	(196,371)	375,303	571,674
Vodacom Plc	55,999,990	-	55,999,990	43,119,992	-	-	43,119,992	43,119,992
Total	80,747,215	942,853	81,690,068	79,859,867	3,439,335	2,878,195	86,177,397	79,859,867

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

26. LISTED EQUITY INVESTMENT AT FYPL (CONTINUED)

Details	Equities (Shares)		Equities (Value)			
	Balance at 1 July 2021	Balance at 30 June 2022	Balance at 1 July 2021	Gain/(Loss) in fair value at 30 June 2022	Market value at 30 June 2022	Market value at 30 June 2021
	(Units)	(Units)	TZS'000	TZS'000	TZS'000	TZS'000
TOL Gases Limited	40,000	40,000	20,000	2,000	22,000	20,000
Tanzania Breweries Limited (TBL)	1,200,624	1,200,624	13,086,802	-	13,086,802	13,086,802
Tanga Cement Company Limited (SIMBA)	1,153,842	1,153,842	467,306	1,217,303	1,684,609	467,306
Swissport Tanzania Plc (DAHACO)	1,915,508	1,915,508	2,145,369	114,930	2,260,299	2,145,369
Tanzania Portland Cement Company Limited (TPCC)	2,224,968	2,224,968	8,008,445	266,948	8,275,393	8,008,445
CRDB Bank Plc (CRDB)	14,675,766	14,675,766	4,329,351	1,540,955	5,870,306	4,329,351
NMB Bank Plc (NMB)	1,592,561	1,592,561	3,726,593	1,242,199	4,968,792	3,726,593
TPS Eastern Africa (Serena) Limited	1,943,956	1,943,956	598,488	(26,814)	571,674	598,488
Yodacem Plc	55,999,990	55,999,990	43,119,992	-	43,119,992	43,119,992
Total	80,747,215	80,747,215	75,502,346	4,357,521	79,859,867	75,502,346

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

27. UNLISTED EQUITIES INVESTMENT AT FVTPL

See accounting policy No. 4.14

	<u>30 June 2023</u>		<u>30 June 2022</u>	
	Interest held%	TZS'000	Interest held%	TZS'000
Azania Bank - Preference shares	-	-	80%	55,555
Mbeya Cement Company Limited	10%	563,644	10%	563,644
Jubilee Health Insurance Company of Tanzania Limited	10%	250,000	10%	250,000
Jubilee Life Insurance Company of Tanzania Limited	10%	230,000	10%	230,000
Jubilee General Insurance Company of Tanzania Limited	10%	250,000	-	-
Tanzania Reinsurance Company Limited (TAN-RE)	17%	5,664,896	17%	5,489,727
Watumishi Housing Company Limited	14%	250,000	14%	250,000
Eastern and Southern African Trade and Development Bank (TDB)	1%	25,781,474	-	-
		<u>32,990,014</u>		<u>6,838,926</u>
Accumulated fair value gain ¹		<u>9,274,964</u>		<u>3,939,335</u>
		<u>42,264,978</u>		<u>10,778,261</u>

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
¹Movement in accumulated fair value		
As at 1 July	3,939,335	16,910,261
Fair value gain/(loss) during the year (Note 16)	5,585,629	(12,970,926)
Share added as a result of dilution	(250,000)	-
As at 30 June	<u>9,274,964</u>	<u>3,939,335</u>
Movement in value of unlisted equities investment		
As at 1 July	10,778,261	23,319,948
Additions ²	25,781,474	-
Share purchased in lieu of dividend ³	175,169	429,239
Reclassified to associates	(55,555)	-
	<u>36,679,349</u>	<u>23,749,187</u>
Accumulated fair value on unlisted equities	<u>5,585,629</u>	<u>(12,970,926)</u>
As at 30 June	<u>42,264,978</u>	<u>10,778,261</u>

² During the financial year 2022/23, the Fund purchased shares from Eastern and Southern African Trade and Development Bank (TDB).

³ During the financial year 2022/23 and 2021/22, the Fund received bonus share from Tanzania National Re-Insurance Corporation.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

27. UNLISTED EQUITIES INVESTMENT AT FVPL (CONTINUED)

DETAILS	Balance at	Purchased in	Bonus share	Re- classification	Gain/(Loss)	Market Value at 30 June 2023	Market Value at 30 June 2022
	01 July 2022	exchange of FDR			in Fair Value at 30 June 2023		
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Azania Bank Limited - Preference shares	55,555	-	-	(55,555)	-	-	55,555
Jubilee Health Insurance Company of Tanzania Limited	2,425,753	-	-	-	(999,260)	1,426,493	2,425,753
Jubilee Life Insurance Company of Tanzania Limited	326,119	-	-	-	284,351	610,470	326,119
Jubilee General Insurance Company of Tanzania Limited	-	-	-	-	995,717	995,717	-
Tanzania National Re-Insurance Corporation Limited	7,868,836	-	175,169	-	2,290,911	10,334,916	7,868,836
Watumishi Housing Company Limited	101,998	-	-	-	3,834,977	3,936,975	101,998
Eastern and Southern African Trade and Development Bank	-	25,781,474	-	-	(821,067)	24,960,407	-
Total	10,778,261	25,781,474	175,169	(55,555)	5,585,629	42,264,978	10,778,261

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

27. UNLISTED EQUITIES INVESTMENT AT FVPL (CONTINUED)

DETAILS	Balance at 01	Adjustments/ Bonus share	Gain/(Loss) in	Market Value	Market Value
	July 2021		Fair Value at 30	at 30 June 2022	at 30 June 2021
	TZS'000	TZS'000	June 2022	TZS'000	TZS'000
Azania Bank Limited- Preference shares	55,555	-	-	55,555	55,555
Mbeya Cement Company Limited	13,793,442	-	(13,793,442)	-	13,793,442
Jubilee Insurance Company Limited	3,536,111	-	(1,110,358)	2,425,753	3,536,111
Jubilee Insurance Corporation Limited	288,307	-	37,812	326,119	288,307
Tanzania National Re-Insurance Corporation Limited	5,585,798	429,239	1,853,799	7,868,836	5,585,798
Watumishi Housing Company Limited	60,735	-	41,263	101,998	60,735
Total	23,319,948	429,239	(12,970,926)	10,778,261	23,319,948

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
28. INVESTMENT IN MUTUAL FUNDS AT FYTPL		
See accounting policy No. 4.14		
Unit Trust of Tanzania (UTT)	5,964,832	5,364,966
Watumishi Real Estate Investments (REITS)	10,827,594	9,750,000
Watumishi Housing Faida Fund Investments	5,211,520	-
	<u>22,003,946</u>	<u>15,114,966</u>
Movement in investment in Mutual Funds		
As at 1 July	15,114,966	14,919,650
Additions during the year	5,000,000	-
	<u>20,114,966</u>	<u>14,919,650</u>
Fair value gain on investment in Mutual Funds	1,888,980	195,316
As at 30 June	<u>22,003,946</u>	<u>15,114,966</u>

Mutual Fund Investment are investments in Collective Investment Schemes (CIS) wherein persons come together to pool their funds for investing in a particular asset(s) and for sharing the returns arising from those investments. The Fund's hold Mutual fund investment in Unit Trust, Watumishi Real Estate Investments (REITS) and Watumishi Housing Faida Fund Investments. The investments in collective schemes are measured at fair values. The fair value of the investments is determined using scheme's net asset value (NAV) at the date of reporting.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

28. INVESTMENT IN MUTUAL FUNDS AT FVPL (CONTINUED)

DETAILS	UNITS (VALUE - TZS '000')			
	Balance at 01.07.2022	Additions	Gain/(Loss) in Fair Value at 30.06.2023	Market Value at 30.06.2023
Unit Trust of Tanzania (UTT)	5,364,966	-	599,866	5,964,832
Watumishi Real Estate Investments (REITs)	9,750,000	-	1,077,594	10,827,594
Watumishi Housing Falda Fund Investments	-	5,000,000	211,520	5,211,520
Total	15,114,966	5,000,000	1,888,980	22,003,946

DETAILS	UNITS (VALUE - TZS '000')			
	Balance at 01.07.2021	Additions	Gain/(Loss) in Fair Value at 30.06.2022	Market Value at 30.06.2022
Unit Trust of Tanzania (UTT)	4,762,294	-	602,672	5,364,966
Watumishi Real Estate Investments (REITs)	10,157,356	-	(407,356)	9,750,000
Total	14,919,650	-	195,316	15,114,966

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
29. INVESTMENT IN GOVERNMENT SECURITIES AT FYPL		
See accounting policy No. 4.14		
2-year Treasury Bonds	-	9,999,946
5-year Treasury Bonds	153,284,886	196,373,599
7-year Treasury Bonds	291,717,087	291,735,040
10-year Treasury Bonds	400,156,614	379,158,614
15-year Treasury Bonds	914,843,277	732,695,188
20-year Treasury Bonds	606,944,491	397,078,764
25-Years Treasury Bonds	212,297,412	109,994,652
Accrued interest	101,490,666	98,134,295
	<u>2,680,734,433</u>	<u>2,215,170,098</u>
Accumulated fair value gain on Treasury Bonds ¹	205,396,743	351,737,117
	<u>2,886,131,176</u>	<u>2,566,907,215</u>
Maturity analysis		
Maturing within 3 months	-	30,232,653
Maturing after 3 months but within 1 year	40,280,846	79,757,567
Maturing after 1 year	2,845,850,330	2,456,916,995
	<u>2,886,131,176</u>	<u>2,566,907,215</u>
Movement in Government Securities		
As at 1 July	2,566,907,215	1,876,511,404
Additions	560,836,389	492,894,829
Matured	(91,055,606)	(37,399,080)
Accrued interest during the year (Note 11)	309,211,108	264,817,897
Transfer from TTCL pensioners' scheme (Note 11)	10,535,767	-
Write back during the year	407,439	-
Interest received during the year [Note 53(b)]	(323,963,323)	(251,492,252)
	<u>3,032,878,989</u>	<u>2,345,332,798</u>
Change in fair value during the year (Note 16)	(146,747,813)	221,574,417
As at 30 June	<u>2,886,131,176</u>	<u>2,566,907,215</u>
¹Accumulated fair value movement		
As at 1 July	351,737,117	130,162,700
Additions during the year (Note 16)	(146,747,813)	221,574,417
Write back during the year	407,439	-
As at 30 June	<u>205,396,743</u>	<u>351,737,117</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

29. INVESTMENT IN GOVERNMENT SECURITIES AT FVPL (CONTINUED)

The Fund holds various short-term and long-term Government securities which bear interest at a fixed interest rate. The Fund has the ability and intention to hold these financial investments to maturity.

The yield rates on treasury bonds ranged from 9.5432% to 13.5988% (2021/22: 7.6488% to 12.3644%) with maturity period from 2 to 25 years.

Fair value of treasury bonds was determined by discounting the expected future cash flows based on time to maturity and interest rates from a yield curve for securities (with linear relationship assumption between yields and time to maturity).

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
30. INVESTMENT IN CORPORATE BONDS AT FVPL		
See accounting policy No. 4.14		
Tanzania Mortgage Refinance Company (TMRC) bond	13,000,000	10,000,000
NBC Twiga bond	5,000,000	-
KCB Fursa Sukuk bond	1,000,000	-
Imaan Finance Limited Sukuk bond	1,000,000	-
Accrued interest	293,964	203,716
	<u>20,293,964</u>	<u>10,203,716</u>
Accumulated fair value gain on Corporate Bonds ¹	162,918	129,269
	<u>20,456,882</u>	<u>10,332,985</u>
Movement in Corporate Bonds		
As at 1 July	10,332,985	-
Additions	10,000,000	10,000,000
Accrued interest during the year (Note 11)	1,391,041	203,716
Interest received during the year (Note 53(b))	(1,275,125)	-
	<u>20,448,901</u>	<u>10,203,716</u>
Fair value gain during the year	7,981	129,269
	<u>20,456,882</u>	<u>10,332,985</u>
¹Fair Value Movement		
As at 1 July	129,269	-
Addition during the year (Note 16)	7,981	129,269
Write back during the period	25,668	-
As at 30 June	<u>162,918</u>	<u>129,269</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

30. INVESTMENT IN CORPORATE BONDS AT FYPL (CONTINUED)

The Fund holds various corporate bonds which bear interest at a fixed interest rate. The Fund has the ability and intention to hold these financial investments to maturity.

Valuation of Corporate bonds was determined by discounting the expected future cash flows based on time to maturity and interest rates from a yield curve (with linear relationship assumption between yields and time to maturity).

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS 000	TZS 000
31. FINANCE LEASE RECEIVABLE		
See accounting policy No. 4.7 (b)		
Receivable from Mtoni Kijichi houses	36,482,548	32,902,596
Receivable from Kinyerezi houses	281,621	373,549
Receivable from Madale Plots	9,600	36,290
Receivable from Kiluyya Plots	123,317	-
Receivable from Visiga Plots	40,191	-
Receivable from Mabwepande Plots	716,331	-
	<u>37,653,608</u>	<u>33,312,435</u>
Accrued receivable	989,170	1,056,543
Accumulated impairment losses ¹	<u>(17,181,479)</u>	<u>(8,664,170)</u>
	<u>21,461,299</u>	<u>25,704,808</u>
Movement in finance lease receivable		
As at 1 July	25,704,808	22,590,704
Increase during the year	6,787,493	585,529
Proceeds from sale of plots and houses	<u>(2,446,320)</u>	<u>(521,958)</u>
	<u>30,045,981</u>	<u>22,654,275</u>
Changes on accrued interest	(67,373)	(10,339)
Changes on impairment losses	<u>(8,517,309)</u>	<u>3,060,872</u>
As at June	<u>21,461,299</u>	<u>25,704,808</u>
¹Movement in accumulated impairment losses		
As at 1 July	8,664,170	11,725,042
Charge/(Release) for the year (Note 21)	<u>8,517,309</u>	<u>(3,060,872)</u>
As at 30 June	<u>17,181,479</u>	<u>8,664,170</u>
Present value of minimum lease payments		
Within one year	4,128,626	1,393,336
In the second to fifth years inclusive	16,514,504	9,064,624
After five years	818,169	15,246,848
Present value of minimum lease receivable	<u>21,461,299</u>	<u>25,704,808</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

31. FINANCE LEASE RECEIVABLE (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Analyzed as:		
Non-current finance lease receivables (recoverable after 12 months)	17,332,673	24,311,472
Current finance lease receivables (recoverable within 12 months)	<u>4,128,626</u>	<u>1,393,336</u>
	<u>21,461,299</u>	<u>25,704,808</u>

The Fund enters into finance leasing arrangements (hire purchase arrangement) for certain of its houses. The average term of finance leases is 15 years. No unguaranteed residual values of assets leased under finance leases at the reporting date.

The Trustees estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime expected credit loss (ECL). The expected credit loss for finance lease receivables using a provision matrix by reference to past default experience of the lessee and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the lessee operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 13.50 per cent (2021/22: 13.50 per cent) per annum.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
32. CONTRIBUTIONS AND PENALTY RECEIVABLES		
See accounting policy No. 4.14		
Contribution receivable	710,548,240	401,778,752
Penalty receivable	<u>52,004,707</u>	<u>32,998,107</u>
	<u>762,552,947</u>	<u>434,776,859</u>
Less: Accumulated impairment losses ¹	<u>(255,203,056)</u>	<u>(224,048,898)</u>
	<u>507,349,891</u>	<u>210,727,961</u>
¹ Movement in accumulated impairment		
As at 1 July	224,048,898	189,458,790
Charge for the year (Note 21)	31,287,146	107,846,830
Penalty waiver	(132,988)	-
Over accrued contribution receivable balance	-	<u>(73,256,722)</u>
As at 30 June	<u>255,203,056</u>	<u>224,048,898</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

32. CONTRIBUTIONS AND PENALTY RECEIVABLES (CONTINUED)

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
Movement in contribution and penalty receivable		
As at 1 July	210,727,961	151,114,850
Contribution income (Note 8)	1,712,607,300	1,419,707,758
Penalty income (Note 9)	21,013,479	2,186,096
Contribution collections	(1,403,614,934)	(1,251,846,290)
Penalty collections	(1,873,890)	(2,721,943)
Changes in unallocated contribution and penalties	<u>(222,879)</u>	<u>134,320</u>
	<u>538,637,037</u>	<u>318,574,791</u>
Impairment losses during the year (Note 21)	<u>(31,287,146)</u>	<u>(107,846,830)</u>
As at 30 June	<u>507,349,891</u>	<u>210,727,961</u>
Contribution and penalty receivable net of impairment		
Contribution receivable	488,046,039	209,778,185
Penalty receivable	<u>19,303,852</u>	<u>949,776</u>
	<u>507,349,891</u>	<u>210,727,961</u>

(a) Contribution receivable

The average credit period of contribution billed is thirty (30) days. 5% is charged on outstanding contribution receivables as penalty on the delayed contributions. The Fund always measures the loss allowance for contribution receivables at an amount equal to lifetime ECL.

The expected credit losses on contribution receivables are estimated using a provision matrix by reference to past default experience of the employer and an analysis of the employer's current financial position, adjusted for factors that are specific to the employer, general economic conditions of the industry in which the employer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Fund writes off a contribution receivable when there is information indicating that the employer is in severe financial difficulty and there is no realistic prospect of recovery. There is no write off contribution receivables during the financial year 2022/23.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

32. CONTRIBUTIONS AND PENALTY RECEIVABLES (CONTINUED)

The following table details the risk profile of contribution receivable based on the Fund's provision matrix.

	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Net of impairment</u>
<u>30 June 2023</u>	<u>TZS 000</u>	<u>TZS 000</u>	<u>TZS 000</u>
Less than 1 month	118,112,820	7,396,563	110,716,257
Between 1 -3 months	43,433,021	15,238,378	28,194,643
Between 3 -9 months	101,220,026	45,563,918	55,656,108
Between 9 -12 months	118,084,173	53,330,865	64,753,308
Above 12 months	329,698,200	100,972,477	228,725,723
Total	<u>710,548,240</u>	<u>222,502,201</u>	<u>488,046,039</u>
<u>30 June 2022</u>			
Less than 1 month	175,851,324	54,374,860	121,476,464
Between 1 -3 months	73,800,721	29,642,103	44,158,618
Between 3 -9 months	35,760,812	18,759,837	17,000,975
Between 9 -12 months	63,406,244	36,264,116	27,142,128
Above 12 months	52,959,651	52,959,651	-
Total	<u>401,778,752</u>	<u>192,000,567</u>	<u>209,778,185</u>

(b) Penalty receivable

The following table details the risk profile of penalty receivable based on the Fund's provision matrix.

	<u>Gross Carrying amount</u>	<u>Impairment</u>	<u>Net of Impairment</u>
<u>30 June 2023</u>	<u>TZS 000</u>	<u>TZS 000</u>	<u>TZS 000</u>
Less than 1 month	19,170,867	1,200,535	17,970,332
Between 1 -3 months	21,915	7,689	14,226
Between 3 -9 months	43,754	19,696	24,058
Between 9 -12 months	100,336	45,315	55,021
Above 12 months	32,667,835	31,427,620	1,240,215
Total	<u>52,004,707</u>	<u>32,700,855</u>	<u>19,303,852</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

32. CONTRIBUTIONS AND PENALTY RECEIVABLES (CONTINUED)

(b) Penalty receivable

<u>30 June 2022</u>	<u>Gross Carrying amount</u> TZS 000	<u>Impairment</u> TZS 000	<u>Net of Impairment</u> TZS 000
Less than 1 month	14,725	4,554	10,171
Between 1 -3 months	5,563	2,234	3,329
Between 3 -9 months	9,562	5,016	4,546
Between 9 -12 months	2,178,551	1,246,821	931,730
Above 12 months	30,789,706	30,789,706	-
Total	<u>32,998,107</u>	<u>32,048,331</u>	<u>949,776</u>
		<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000

33. PREPAYMENTS AND OTHER RECEIVABLES

See accounting policy No. 4.14

Rent receivable (a)	22,865,005	22,998,373
VAT receivable	43,024,282	58,086,703
Withholding tax receivable	1,738,470	1,901,842
Dividend receivable (d)	811,816	344,150
Staff receivable (c)	69,175,207	45,070,754
Advance to members	255,136	258,927
Receivable from the Government (Nyerere Bridge) (b)	-	135,273,021
RITA Receivable (c)	-	47,801,371
Prepayments	798,246	2,979,903
Advance to Contractors	971,254	88,823
Other receivables	1,576,698	1,577,930
	<u>141,216,114</u>	<u>316,381,797</u>
Less: Accumulated impairment losses¹	<u>(27,194,620)</u>	<u>(54,682,108)</u>
	<u>114,021,494</u>	<u>261,699,689</u>

¹Movement in accumulated impairment

As at 1 July	54,682,108	70,121,902
Charge for the year ¹	253,086	(13,802,123)
Adjustment during the year ²	-	10,737,880
Write-off ³	<u>(27,740,574)</u>	<u>(12,375,551)</u>
	<u>27,194,620</u>	<u>54,682,108</u>

² Furthermore, the adjustment made during the financial year 2021/22 relates to the reclassification of accumulated impairment balance for staff loans from long term loans after reclassifying staff long term loans to the Prepayments and other receivables.

³ The write off made during the year relates to staff and other receivables.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

33. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
¹ Impairment charge for the year		
Staff loans and advances (Note 21)	1,495,220	(7,169,385)
Rent receivable (Note 21)	457,239	1,833,438
RITA Receivables (Note 21)	-	(3,949,367)
Kigamboni bridge receivable (Note 21)	(1,743,327)	(4,516,809)
Dividend receivable (Note 21)	43,954	-
	<u>253,086</u>	<u>(13,802,123)</u>

(a) Rent receivables

The average credit period on rent billed is thirty (30) days. No interest is charged on outstanding rent receivables. The Fund always measures the loss allowance for rent receivables at an amount equal to lifetime ECL. The expected credit losses on rent receivables are estimated using a provision matrix by reference to past default experience of the tenants and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the tenants operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Fund has recognised a loss allowance of 100 per cent against all rent receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Fund writes off rent receivables when there is information indicating that the tenant is in severe financial difficulty and there is no realistic prospect of recovery. For example, when the tenant has been placed under liquidation or has entered into bankruptcy proceedings, or when the rent receivables are over two years past due, whichever occurs earlier. None of the rent receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of rent receivable based on the Fund's provision matrix. As the Fund's historical credit loss experience does not show significant different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Fund's different customer bases.

	<u>Gross Carrying</u>	<u>Impairment</u>	<u>Net of</u>
	<u>amount</u>	<u>TZS 000</u>	<u>Impairment</u>
<u>30 June 2023</u>	<u>TZS 000</u>	<u>TZS 000</u>	<u>TZS 000</u>
Less than 1 month	1,147,453	160,825	986,628
Between 1 -3 months	359,927	61,401	298,526
Between 3 -9 months	953,885	223,933	729,952
Between 9 -12 months	1,666,491	514,443	1,152,048
Above 12 months	18,737,249	18,737,249	-
Total	<u>22,865,005</u>	<u>19,697,851</u>	<u>3,167,154</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

33. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) Rent receivables (Continued)

	Gross Carrying amount	Impairment	Net of impairment
	TZS 000	TZS 000	TZS 000
30 June 2022			
Less than 1 month	464,757	71,971	392,786
Between 1 -3 months	885,677	165,604	720,073
Between 3 -9 months	2,333,370	583,262	1,750,108
Between 9 -12 months	1,313,541	418,747	894,794
Above 12 months	18,001,028	18,001,028	-
Total	22,998,373	19,240,612	3,757,761

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Movement in rent receivables		
As at 1 July	22,998,373	32,831,736
Rent income	9,607,225	9,253,411
Rent collections/received	(9,740,593)	(6,831,544)
Write off	-	(12,255,230)
As at 30 June	22,865,005	22,998,373

(b) Receivable from the Government (Nyerere Bridge)

The receivable relates to the forty percent (40%) share of cost in the construction of the Nyerere bridge at Kigamboni in accordance with the financing agreement entered into in 2014 between the Government of United Republic of Tanzania and the Fund. The movement of the receivable balance during the year is as summarised below:

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Balance as at 01 July	135,273,021	130,418,530
Additions during the period	124,481	4,854,491
Transfer from service concession assets	12,684,400	-
Transfer to long term loan	(148,081,902)	-
	-	135,273,021
Accumulated impairment losses	-	(13,433,671)
Balance as at 30 June	-	121,839,350

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

33. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(b) Receivable from the Government (Nyerere Bridge)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Movement in accumulated impairment		
As at July	13,433,671	17,950,480
Release during the period	(1,743,327)	(4,516,809)
Transfer to long term loans	<u>(11,690,344)</u>	-
Present Value as at 30 June	<u>-</u>	<u>13,433,671</u>
Net amount classified to long term loans		
Receivable balance as at June	148,081,902	-
Accumulated impairment losses	<u>(11,690,344)</u>	-
	<u>136,391,558</u>	-

During the financial year ended 30 June 2023 the carrying amount of TZS of the Nyerere bridge receivables was transferred to long term loans as a result of the Government commitment to settle the balance together with other Government loans in form of non-cash bonds from the month of February 2024.

(c) RITA receivables

The Registration, Insolvency and Trusteeship Agency (RITA), an executive agency of the Government established under Section 3 of the Executive Agencies Act (CAP.394 R.E. 2002) has agreed with National Social Security Fund to implement a construction and letting of office spaces on Plot No. 72/11 situated along the Indira Gandhi/Simu street in the Central Business District (CBD) of the City of Dar es Salaam.

On 24 April 2018, the Fund and RITA agreed to rescind and restate the Joint Venture agreement dated 10 November 2010 in order to consolidate the loan advanced to RITA, capital injected by the Fund plus a profit rate of 12% to TZS 48.48 billion and that the same shall be a debt owed by RITA, and shall be recovered through rental collection on the 73% of the rented space in the building for a period of 15 years with effect from 1st April 2018. Operational costs to maintain the 73% of the building allocated to Fund is to be borne by the Fund.

In June 2019, the agreement entered in April 2018 was revisited and noted the duration of 15 years was unrealistic as it may take more than 60 years to recover the capital invested. Furthermore, it was noted the conversion of the capital injected into loan and extending the loan repayment was not the best option.

It was agreed the modality to recover the invested fund to be changed from the Fund letting the property for 15 years to co-own the property for life time and the share of

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

ownership should change from 73% to 27% to 66% to 34 for the Fund and RITA respectively.

33. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(c) RITA receivables (Continued)

During the financial year ended 30 June 2023 the carrying amount of TZS of the RITA receivables was transferred to investment properties.

The movement of the receivable balance during the year is as summarised below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>TZS'000</u>	<u>TZS'000</u>
Balance as at July	47,801,371	47,801,371
Additions during the period	937,187	
Transfer to investment properties ¹	<u>(48,738,558)</u>	-
	-	<u>47,801,371</u>
Accumulated impairment losses	-	<u>(16,096,145)</u>
Balance as at June	<u>-</u>	<u>31,705,226</u>
Movement in accumulated impairment		
As at July	16,096,145	20,045,512
Release during the period	-	(3,949,367)
Transfer to investment properties ¹	<u>(16,096,145)</u>	-
Present Value as at 30 June	<u>-</u>	<u>16,096,145</u>
¹ Net amount classified to investment properties		
Receivable balance as at June	48,738,558	-
Accumulated impairment losses	<u>(16,096,145)</u>	-
	<u>32,642,413</u>	<u>-</u>

(d) Dividend receivables

Dividend income is recognised in the period in which the right to receive payment is established and the cash inflow can be estimated reliably.

The movement of the dividend receivable balance during the year is as summarised below

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>TZS'000</u>	<u>TZS'000</u>
As at 1 July	344,150	306,665
New declaration	4,559,714	2,729,354
Dividend received	<u>(4,092,048)</u>	<u>(2,691,869)</u>
	811,816	<u>344,150</u>
Accumulated impairment losses	<u>(43,954)</u>	-
As at 30 June	<u>767,862</u>	<u>344,150</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

33. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(e) Staff receivables

These relate to loans advanced to staff for the purpose of providing the financial assistance them. The movement in staff receivables during the year is as summarised below;

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
As at 1 July	45,070,754	18,802,067
Addition	45,353,964	36,835,053
Receipts	(21,233,405)	(10,451,840)
Write off	(16,106)	(114,526)
	<u>69,175,207</u>	<u>45,070,754</u>
Accumulated impairment losses	(5,304,168)	(3,763,033)
As at 30 June	<u>63,871,039</u>	<u>41,307,721</u>

During the financial year ended 30 June 2023, interest income from staff loans was TZS 473.61 million (2021/22: TZS 199.62 million)

Interest income during the period	<u>473,618</u>	<u>199,617</u>
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Transport facility loans

The Transport facility loans relates to loans advanced to employees to purchase cars. The loan is repayable in 6 years. Interest rate for car loans is five (5) per cent computed once and is recovered through monthly payrolls. The employee surrenders original motor registration cards to the Fund until the entire amount of loan has been recovered.

Housing loans

These are loans given to the Fund's employees to enable them to construct or purchase residential houses or for maintenance of their residential houses. These loans are given to the maximum limit of two-third of the ten-year basic salary or the number of the remaining period of service/compulsory retirement. Interest rate for housing loan is five (5) percent computed once. The loan repayment period is 15 years and is recovered through monthly payrolls. The employees surrender title deeds to the Fund until the entire amount of loan has been recovered.

General purpose loans

The general-purpose loans are given to employees to provide financial assistance to staff for the purpose of covering domestic appliances, tuition fees, living expenses, repair of transport facilities and other personal needs. Amount of loan shall be determined by management from time to time. The current ceiling amount for general purpose loan is TZS 50 million. Interest rate for housing loan is five (5) percent computed once. The loan repayment period is five (5) years and is recovered through the monthly payrolls.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
34. INVESTMENT IN LONG TERM LOANS		
See accounting policy No. 4.14		
Loans grouped by nature		
Loans provided to Government projects	611,808,849	463,726,947
Corporate loans guaranteed by the Government	89,214,144	89,638,586
Loans to companies	61,794,012	63,088,962
Loans to Savings and Credit Cooperative Societies	27,163,518	27,286,948
Loans to Members of National Assembly	1,229,907	1,364,309
	<u>791,210,430</u>	<u>645,105,752</u>
Accrued interest income	708,958,482	707,089,377
Accumulated fair value losses ¹	(407,049,654)	(507,394,326)
	<u>1,093,119,258</u>	<u>844,800,803</u>
ⁱMovement in accumulated fair value losses		
As at 1 July	507,394,326	554,015,022
Change during the period (Note 16)	(112,360,938)	(38,571,395)
Transfer from prepayment and other receivables	11,690,344	-
Loan restructuring during the year ²	325,922	(8,049,301)
As at 30 June	<u>407,049,654</u>	<u>507,394,326</u>

²The restructuring of TZS 325.92 million during the financial year 2022/23 relates to various sacco loans. The restructuring of TZS 8,040.72 million during the financial year 2021/22 relates to NBAA loan and the loan issued to members and staff of the National Assembly. Out of the restructured balance of TZS 8,049.30 million, TZS 4,765.72 million relates to the loan issued to NBAA and TZS 3,275 million relates to the loan issued to members and staff of the National Assembly.

Movement in long term loans

As at 1 July	844,800,803	823,125,994
Add: Interest income (Note 11)	3,603,349	3,604,213
Loan repayments received during the year	(2,221,290)	(1,855,281)
Interest received [Note 53(b)]	(955,320)	(1,794,723)
Fair value changes	110,761,643	29,761,319
Foreign exchange gain	738,515	-
Loan restructuring during the year ³	-	(8,040,719)
Transfer from prepayment and other receivable ⁴	136,391,558	-
As at 30 June	<u>1,093,119,258</u>	<u>844,800,803</u>

³The restructuring of TZS 8,040.72 million during the financial year 2021/22 relates to NBAA loan and the loan issued to members and staff of the National Assembly. Out of the restructured balance of TZS 8,049.30 million, TZS 4,765.72 million relates to the loan issued to NBAA and TZS 3,275 million relates to the loan issued to members and staff of the National Assembly.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

34. INVESTMENT IN LONG TERM LOANS (CONTINUED)

*During the financial year ended 30 June 2023 the carrying amount of TZS of 136.39 billion from Nyerere bridge receivables was transferred from prepayments and other receivables to long term loans as a result of the Government commitment to settle the balance together with other Government loans in form of non-cash bonds from the month of February 2024.

The detailed analysis of the carrying amount of the loans per each category is as shown below;

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

34. INVESTMENT IN LONG TERM LOANS (CONTINUED)

	<u>30 June 2023</u>				
		% of total carrying amount	Gross carrying amount TZS 000	Fair value loss TZS 000	Net of fair value loss TZS 000
Loans provided to Government Projects ¹		80.00	1,200,075,712	192,692,752	1,007,382,960
Corporate loans guaranteed by the Government		9.88	148,232,610	83,121,306	65,111,304
Loans to Companies		8.03	120,429,985	99,804,991	20,624,994
Loans to Savings and Credit Cooperative Society		1.99	29,904,257	29,904,257	-
Loans to Members of National Assembly		0.10	1,526,348	1,526,348	-
Total		100.00	1,500,168,912	407,049,654	1,093,119,258
	<u>30 June 2022</u>		Gross carrying amount TZS 000	Fair value loss TZS 000	Net of fair value loss TZS 000
Loans provided to Government Projects ¹		77.80	1,051,993,809	267,271,145	784,722,664
Corporate loans guaranteed by the Government		10.99	148,657,052	109,203,908	39,453,144
Loans to Companies		8.84	119,516,891	98,891,896	20,624,995
Loans to Savings and Credit Cooperative Society		2.24	30,321,991	30,321,991	-
Loans to Members of National Assembly		0.13	1,705,386	1,705,386	-
Total		100.00	1,352,195,129	507,394,326	844,800,803

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

34. INVESTMENT IN LONG TERM LOANS (CONTINUED)

Further analysis on loans provided to finance Government projects is shown below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
National Identity Authority (NIDA)	37,192,481	37,192,481
Tanzania Police Force (Emergency Cars)	15,694,949	15,694,949
Prevention and Combating of Corruption Bureau - Head Office	16,719,077	16,719,077
Tanzania People's Defence Forces	68,922,869	68,922,869
Tanzania People's Defence Forces (UBM)	68,846,580	68,846,580
Tanzania Police Force (Police Houses)	61,489,538	61,489,538
University of Dodoma (UDOM)	783,128,315	783,128,315
Nyerere bridge loan to the Government	148,081,903	-
	<u>1,200,075,712</u>	<u>1,051,993,809</u>
Less: Accumulated fair value losses	(192,692,752)	(267,271,145)
	<u>1,007,382,960</u>	<u>784,722,664</u>

(i) Loans provided to Government projects

These loans are given to finance Government projects and are backed up by Government guarantees for both principal and interest. Government loans were issued on availability of funds and a need for developing a specific project undertaken by the Government. The loan agreement is entered into between the Fund and the Government through the Ministry of Finance.

The Government is committed to settle the outstanding amount starting from the next financial year. Given the credit standing of the Government and its commitment, to pay the amount, the Board believes that the entire amount will be settled in full in the next three years.

(ii) Loans to the Government Entities

These are loans issued to corporates which are partly guaranteed by the Government and partly by a fixed security under special agreement. Repayment is normally ten years inclusive of two- or three-year's grace period. Interest charged ranges from 8% to 13% per annum and are paid in half yearly instalments. The loan is disbursed after receiving Government guarantee and registration of the security.

(iii) Loans to other Corporate Entities

These are loans applied by and issued to corporates after meeting all criteria set by the Fund. The minimum loan amount under this loan category is TZS 500 million and the maximum is TZS 10 billion. The interest rate: T-Bond Weighted Average Yield (WAY) of similar maturity + 1.5%. Maximum loan amount to companies does not exceed 50% of total costs and capitalized services of the proposed project. Subject to a grace period of three years which is computed from the date when the loan agreement is signed, the loan is repaid semi-annually for a period from 5 to 10 years.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

34. INVESTMENT IN LONG TERM LOANS (CONTINUED)

(iv) Loans given to Savings and Credit Co-operative Societies

These are loans issued to Savings and Credit Cooperative Societies (SACCOS). To be eligible for the loan, members of the SACCOS must be contributing members to the Fund. The minimum amount for SACCOS's loans is TZS 50 million and maximum is TZS 1 billion. The loans are given to SACCOS which have been in business for at least three years. Loan repayment ranges from 36 months and 60 months and interest rates range from 9.62% and 10.63% per annum respectively.

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
35. TRADABLE INVENTORIES		
See accounting policy No. 4.9 (a)		
Acquired farms No. 2488/1874/2492/1243 Kiluyya	1,208,396	1,517,720
Acquired farms No. 568 Misugusugu Kibaha	3,114,685	3,114,685
Acquired farms No. 113 Mapinga Bagamoyo	1,911,045	1,911,045
Plot No. 1-975 Blok P Visiga, Kibaha	4,259,994	4,311,600
Acquired Plot at Mataya -Bagamoyo	926,915	926,915
Acquired farm no. 1431 Misugusugu- Kibaha	863,250	863,250
Mtoni Kijichi houses for sale project	102,116,599	103,672,986
Dungu and Tuangoma houses for sale project	116,281,475	112,089,484
415 Plots located at Mabwepande, Kinondoni	660,135	-
225 Plots, Block "C" & "D" Kiseke Area,	8,618,295	-
Dege Eco Village Buildings - Kigambont Municipality	481,766,658	-
	<u>721,727,447</u>	<u>228,407,685</u>
Accumulated write downs ¹	(74,052)	(17,825)
	<u>721,653,395</u>	<u>228,389,860</u>

Inventories are carried at the lower of cost and net realisable value. This relates to acquired farms, plots and Mtoni Kijichi houses for sale. None of these inventories are pledged as securities.

During the financial year ended 30 June 2023, the amount of TZS 4.64 billion, a net release (2021/22: TZS 86.31 billion, release) was recognised in the statement of changes in net assets available for benefits.

¹Movement in accumulated write down value

As at 1 July	17,825	87,643,118
Change during the year	4,640,823	(86,312,501)
Adjustment during the year ²	(4,584,596)	(1,312,792)
As at 30 June	<u>74,052</u>	<u>17,825</u>

² The adjustment made during the financial year 2022/23 relates to rectification the construction cost of Dege Eco Village project and the adjustment made during the financial year 2021/22 relates to rectification of the amount of Mtoni Kijichi Phase I and II after the reconciliation of the actual value of the houses in Mtoni Kijichi Phase I and II.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

35. TRADABLE INVENTORIES (CONTINUED)

Movement in tradable inventory

	Houses	Plots	Work In Progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000
30 June 2023				
As at 1 July 2022	200,542,743	12,700,908	15,146,209	228,389,860
Additions	-	-	7,583,379	7,583,379
Sold during the period (Note 14)	(5,793,782)	(360,930)	-	(6,154,712)
Transferred from investment properties	-	9,278,430	245,339,416	254,617,846
Amounts paid in advance on behalf of the contractor (Mutuhun Construction Industry Company Limited)	-	-	80,222,837	80,222,837
Amounts payables to contractor (Mutuhun Construction Industry Company Limited)	-	-	160,789,001	160,789,001
Reclassified from prepayments and other receivables	88,823	-	-	88,823
Repossession during the period	757,184	-	-	757,184
Write-downs value	(56,227)	-	(4,584,596)	(4,640,823)
As at 30 June 2023	195,538,741	21,618,408	504,496,246	721,653,395
30 June 2022				
As at 1 July 2021	114,163,958	11,893,555	11,403,928	137,461,441
Additions	-	-	3,742,281	3,742,281
Sold during the period (Note 14)	-	(439,155)	-	(439,155)
Release of write-downs value	85,065,993	1,246,508	-	86,312,501
Adjustment during the year ¹	1,312,792	-	-	1,312,792
As at 30 June 2022	200,542,743	12,700,908	15,146,209	228,389,860

¹The adjustment of TZS 1.31 billion in the year 2021/22 related to re-Instatement of cost of Atomi Kijichi houses following the reconciliation of balances for houses made during the year.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

36. INVESTMENT PROPERTIES

See accounting policy No. 4.5

	Land TZS'000	Residential TZS'000	Office TZS'000	Warehouses TZS'000	Work-in- progress TZS'000	Total TZS'000
30 June 2023						
As at 1 July 2022	102,078,249	77,535,634	468,975,392	36,080,828	487,116,536	1,171,786,639
Additions	136,397	208,776	1,414,216	-	20,126,624	21,886,013
Sold plots	(993,071)	-	-	-	-	(993,071)
Transferred from prepayments and other receivables	-	-	32,642,413	-	-	32,642,413
Transferred to tradable inventories	(9,278,430)	-	-	-	(245,339,416)	(254,617,846)
Changes in fair values	30,608,840	8,556,732	14,867,915	1,009,842	39,530,763	74,838,262
As at 30 June 2023	122,551,985	86,301,142	498,164,106	37,090,670	301,434,507	1,045,542,410
30 June 2022						
As at 1 July 2021	78,162,088	83,817,208	473,582,151	47,266,000	359,613,142	1,042,440,589
Additions	-	-	-	-	9,774,865	9,774,865
Transfer to PPE	(212,345)	(3,729,263)	(1,062,205)	(6,889,985)	-	(11,893,798)
Changes in fair values	24,128,506	(2,552,311)	(3,544,554)	(4,295,187)	117,728,529	131,464,983
As at 30 June 2022	102,078,249	77,535,634	468,975,392	36,080,828	487,116,536	1,171,786,639

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

36. INVESTMENT PROPERTIES (CONTINUED)

Replacement Cost Approach was used to determine the current market values of the buildings and Direct Capital Comparison Approach was used to determine the market values of the land component. By this method, the valuer equates the value of the land parcel under appraisal to the value of a known comparable land parcel whereby the latter's value is taken to be the best price that can be obtained if the land parcel being valued was to be put in the market, with due allowance made for value affecting differences between the subject property and the comparable property.

Investment properties comprise of land held for future development or capital appreciation, buildings owned by the Fund and buildings developed jointly to earn rentals. Property under construction is recognised as investment property and carried at cost until either its fair value becomes reliably determinable or construction is completed, whichever comes earlier. As at 30 June 2023, the property under construction presented under investment properties related to hotel and office spaces currently under construction.

Land

Investment in land comprises of plots acquired by the Fund for future developments or value appreciation whereby the Fund may decide the better use when resources/money to develop those plots are available and project feasibility studies confirm the viability.

Buildings

The Funds owns buildings held to earn rentals which comprises of office spaces, car park, hotels, warehouses, residential houses and apartments in various regions within the United Republic of Tanzania.

Work In Progress

Work in progress relates to buildings under various stages of completion. Some of the projects which are included in the work in progress above are Mzizima Tower Building, Geza Satellite Town Project and Ex-Mwanza Club/NSSF Mwanza Hotel Project.

The Fund generated rental income from its investment properties for the year is as summarised below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>TZS'000</u>	<u>TZS'000</u>
Commercial office spaces	6,527,494	7,151,699
Commercial residential houses	1,598,054	1,068,428
Workers houses	110,332	102,436
Warehouses	1,371,515	925,906
Service charges	-	10,686
Refund of rent paid	(170)	(5,744)
Total	<u>9,607,225</u>	<u>9,253,411</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

36. INVESTMENT PROPERTIES (CONTINUED)

The Fund incurred direct operating expenses (including repairs and maintenance) arising from investment properties during the period as shown below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Repairs and maintenance expenses	5,282,161	4,018,756
Property management expenses	1,893,249	879,474
Housekeeping expenses	205,037	509,175
Property security expenses	1,751,207	1,701,260
Electricity expenses	119,250	139,623
Water expenses	90,403	129,341
Property insurance expenses	768,894	549,208
	<u>10,110,201</u>	<u>7,926,837</u>

Measurement of fair values

Independent valuation experts value the investment properties of the Fund after every three years to validate the internally determined fair values. The last independent valuation was carried by the Government Valuer in the financial year 2020/21. The fair value of the Fund's investment property at 30 June 2023 was arrived at on the basis of a valuation carried out by internal valuers.

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

Valuation technique and significant unobservable inputs

Significant inputs applied by the valuer in valuation are unobservable. Consequently, Management classified the fair values determined for investment properties as level 3.

The following table shows the valuation technique used in measuring the fair value of the property and equipment as well as the significant unobservable inputs:

Valuation technique	Significant unobservable inputs
(i) Replacement Cost Approach was used to determine the current market values of the buildings.	(i) Construction cost rates as determined by the National Construction Council.
(ii) Direct Capital Comparison Approach was used to determine the market values of the land component.	(ii) Selling price of similar pieces of land as subject plots reviewed.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

36. INVESTMENT PROPERTIES (CONTINUED)

The following investments exceed 5% of investments in the respective portfolio:

	30 June 2023		Additions during the year	Fair value changes during the year		30 June 2022	
	Market value TZS'000	At cost TZS'000		TZS'000	TZS'000	Market value TZS'000	At cost TZS'000
Benjamini William Mkapu Pension Tower	80,869,671	29,639,242	-	185,856	80,683,815	29,639,242	
Kilimanjaro Commercial Complex	53,888,440	40,574,797	52,818	132,062	53,703,560	40,521,979	
Mzizima Tower	206,561,571	134,819,381	12,668,202	2,271,415	191,621,954	122,151,179	
Mwanza Tourist Hotel	93,745,376	55,454,633	7,458,422	651,943	85,635,011	47,996,211	
	435,065,058	260,488,053	20,179,442	3,241,276	411,644,340	240,308,611	

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

36. INVESTMENT PROPERTIES (CONTINUED)

The following investments exceed 5% of investments in the respective portfolio;

	30 June 2022		30 June 2021		
	Market value TZS'000	At cost TZS'000	Fair value changes during the year TZS'000	Market value 30 June 2021 TZS'000	
				At cost 30 June 2021 TZS'000	
NSSF Mafao House - Mwanza	62,566,751	37,381,932	11,975,613	50,591,138	37,381,932
Benjamini William Mkapa Pension Tower	80,683,815	29,639,242	(6,529,185)	87,213,000	29,639,242
Mzizima Tower	191,621,953	122,151,179	57,298,974	124,548,114	112,376,314
Mwanza Tourist Hotel	83,678,889	47,996,211	35,682,678	47,996,211	47,996,211
Dege Eco Village Project	208,732,012	239,432,496	24,086,316	184,645,696	239,432,496
	627,283,420	476,601,060	122,514,396	494,994,159	466,826,195

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

37. INVESTMENT IN ASSOCIATES

See accounting policy No. 4.8

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
<u>Cost</u>		
At 1 July	80,119,132	80,119,132
Reclassified from listed equities investment	55,555	-
	<u>80,174,687</u>	<u>80,119,132</u>
<u>Accumulated fair value</u>		
At 1 July	(8,537,056)	(11,761,115)
Charge for the year	5,237,810	3,224,059
	<u>(3,299,246)</u>	<u>(8,537,056)</u>
As at June	<u>76,875,441</u>	<u>71,582,076</u>

The following investments exceed 5% of investments in their portfolio;

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Azania Bank Limited	58,985,144	53,751,227
Ubungu Plaza Limited	17,890,297	17,830,849
	<u>76,875,441</u>	<u>71,582,076</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) The following is a summary of movement during the year for each associate;

	Azania Bank Limited TZS '000	Ubungo Plaza Limited TZS '000	Katani Limited TZS '000	Pension Properties Limited TZS '000	Total TZS '000
<u>30 June 2023</u>					
<u>Cost</u>					
At 1 July 2022	51,952,606	12,483,026	15,680,000	3,500	80,119,132
Reclassified from unlisted equities investment	55,555	-	-	-	55,555
As at 30 June 2023	<u>52,008,161</u>	<u>12,483,026</u>	<u>15,680,000</u>	<u>3,500</u>	<u>80,174,687</u>
<u>Accumulated fair value gain/impairment losses</u>					
At 1 July 2022	1,798,621	5,347,823	(15,680,000)	(3,500)	(8,537,056)
Charge for the year	5,178,362	59,448	-	-	5,237,810
As at 30 June 2023	<u>6,976,983</u>	<u>5,407,271</u>	<u>(15,680,000)</u>	<u>(3,500)</u>	<u>(3,299,246)</u>
Net carrying value	<u>58,985,144</u>	<u>17,890,297</u>	<u>-</u>	<u>-</u>	<u>76,875,441</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

37. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) The following is a summary of movement during the year for each associate:

	Azania Bank Limited		Ubungo Plaza Limited		Katani Limited		Pension Properties Limited		Total TZS '000
	TZS '000		TZS '000		TZS '000		TZS '000		
<u>30 June 2022</u>									
<u>Cost</u>									
At 1 July 2021	51,952,606		12,483,026		15,680,000		3,500		80,119,132
At 30 June 2022	51,952,606		12,483,026		15,680,000		3,500		80,119,132
<u>Accumulated fair value gain/impairment losses</u>									
At 1 July 2021	(9,750,243)		13,672,628		(15,680,000)		(3,500)		(11,761,115)
Charge for the year	11,548,864		(8,324,805)		-		-		3,224,059
As at 30 June 2022	1,798,621		5,347,823		(15,680,000)		(3,500)		(8,537,056)
Net carrying value	53,751,227		17,830,849		-		-		71,582,076

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

37. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Non-financial details of the Fund's associates as at 30 June 2023 are as per table below:

Associate Name	Azania Bank Limited	Ubungo Plaza Limited	Katani Limited	Pensions Property Limited
Principal Place of Business	Mawasiliano House-Sam Nujoma Road, Dar es salaam	Ubungo Plaza Morogoro Road, Dar es salaam	Katani House, 1 Tasma Road, Tanga	Benjamini Mkapa Tower-Azikiwe Street, Dar es salaam
Nature of Business	Provision of banking and related activities	Real estate development and property management	Research and development of products and markets of sisal and related products.	Management of Bunge Building
Place of Incorporation	Tanzania	Tanzania	Tanzania	Tanzania
Ownership in Percentage	28.04%	35.00%	49.00%	32.00%
Measurement Method	Fair Value	Fair Value	Fair Value	Fair Value
Reporting Period	31 December	30 June	31 December	31 December

No any contingent liabilities arising in relation to our interest to associates.

There are no restrictions in the ability of associates to transfer funds to the entity in form of cash dividends or to repay loan and advances.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) The summary of the financial information of the associates and the percentage of ownership by the fund is as summarised below:

30 June 2023	Azania Bank Limited		Ubungo Plaza Limited		Katani Limited		Pension Properties Limited		Total
	TZS '000	%	TZS '000	%	TZS '000	%	TZS '000	%	
Fund's ownership									
Revenue	92,427,450	28.04%	4,036,146	35.00%	-	49.00%	-	32.00%	96,463,596
Profit/(loss) from continuing operations	12,133,158		423,797		-		-		12,556,955
Total assets	1,631,438,349		84,088,691		-		-		1,715,527,040
Total liabilities	(1,350,793,902)		(1562,712)		-		-		(1,351,356,614)
Net assets (100%)	280,644,447		83,525,979		-		-		364,170,426
Fund's share of net assets	78,692,703		29,234,092		-		-		107,926,795
Carrying amount of interest in the associate	58,985,144		17,890,297		-		-		76,875,441

¹The financial information for Katani Limited has not been included as the company ran into difficulties and went bankrupt. The carrying amount of the investment in Katani Limited is TZS 15.68 billion (2021/22: TZS 15.68 billion). The same was fully impaired.

²The financial information for Pension Properties Limited (PPL) has not been included as the company did not carry out any business transaction due to unresolved contractual dispute. The carrying amount of the investment in PPL is TZS 3.5 million (2021/22: TZS 3.5 million). The same was fully impaired.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

37. INVESTMENT IN ASSOCIATES (CONTINUED)

(d) The summary of the financial information of the associates and the percentage of ownership by the Fund is as summarised below:

30 June 2022	Azania Bank Limited		Libungo Plaza Limited		'Katani Limited		'Pension Properties Limited		Total TZS '000
	TZS '000	%	TZS '000	%	TZS '000	%	TZS '000	%	
Fund's ownership		28.04%		35.00%		49.00%		32.00%	
Revenue	82,017,236		4,036,146		-		-		86,053,382
Profit from continuing operations	13,374,789		423,797		-		-		13,798,586
Total assets	1,284,394,169		84,088,691		-		-		1,368,482,860
Total liabilities	(1,017,490,414)		(562,712)		-		-		(1,018,053,126)
Net assets (100%)	266,903,755		83,525,979		-		-		350,429,734
Fund's share of net assets	74,839,813		29,234,092		-		-		104,073,905
Carrying amount of interest in associate	53,751,227		17,830,849		-		-		71,582,076

¹The financial information for Katani Limited has not been included as the company ran into difficulties and went bankrupt. The carrying amount of the investment in Katani Limited is TZS 15.68 billion (2019/20: TZS 5.27 billion). The same was fully impaired.

²The financial information for Pension Properties Limited (PPL) has not been included as the company did not carry out any business transaction due to unresolved contractual dispute. The carrying amount of the investment in PPL as at 30 June 2022 was TZS 3.5 million (2019/20: TZS 202 million). The same was fully impaired.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

38. INVESTMENT IN SUBSIDIARIES

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
See accounting policy No. 4.19		
Cost		
At 1 July	187,345,618	115,086,400
Additions	118,666,199	72,259,218
	<u>306,011,817</u>	<u>187,345,618</u>
Accumulated fair value loss ¹	(213,710)	(11,344,202)
At 30 June	<u>305,798,107</u>	<u>176,001,416</u>
¹Movement in accumulated fair value loss		
At 1 July	(11,344,202)	4,405,835
Charge for the year	11,130,492	(15,750,037)
As at 30 June	<u>(213,710)</u>	<u>(11,344,202)</u>

The Fund meets the definition of an investment entity. In accordance with the exemption under IFRS 10, the investment entity does not consolidate subsidiaries in the Financial Statements unless the subsidiary is not itself the investment entity and its main purpose and activities are to provide services that relates to the investment entity's investment activities. Except for Mkulazi Holding Company Limited, the subsidiaries are recognised as investment at fair value through profit or loss.

For the interest in unlisted equities, the Fund has been using diverse valuation methods:

- (i) an approach which uses implicit assumption of equality between market and book values ratios between quoted and unquoted;
- (ii) an approach which determines recoverable/realizable values of the assets (break up/liquidation basis); and
- (iii) an approach which determines how much an investee is worth if one has to buy the whole company.

Due to lack of book figures on the side of the company (the company is not yet operational), information insufficiency for determination of realizable values of factory assets and the existence of a wide range of possible fair value measurements, cost has been found to represent the best estimate of fair value for Fund's interest in Mkulazi Holding Company Limited.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Mkulazi Holding Company Limited	Sisalana Tanzania Company Limited	Total
	TZS '000	TZS '000	TZS '000
30 June 2023			
Cost			
At 1 July 2022	160,302,638	27,042,980	187,345,618
Additions	118,666,199	-	118,666,199
At 30 June 2023	<u>278,968,837</u>	<u>27,042,980</u>	<u>306,011,817</u>
Accumulated fair value			
At 1 July 2022	(17,171,695)	5,827,493	(11,344,202)
Charge for the year	17,229,602	(6,099,110)	11,130,492
At 30 June 2023	<u>57,907</u>	<u>(271,617)</u>	<u>(213,710)</u>
Net carrying value	<u><u>279,026,744</u></u>	<u><u>26,771,363</u></u>	<u><u>305,798,107</u></u>
	Mkulazi Holding Company Limited	Sisalana Tanzania Company Limited	Total
	TZS '000	TZS '000	TZS '000
30 June 2022			
Cost			
At 1 July 2021	88,043,420	27,042,980	115,086,400
Additions	72,259,218	-	72,259,218
At 30 June 2022	<u>160,302,638</u>	<u>27,042,980</u>	<u>187,345,618</u>
Accumulated fair value			
At 1 July 2021	4,405,835	-	4,405,835
Charge for the year	(21,577,530)	5,827,493	(15,750,037)
At 30 June 2022	<u>(17,171,695)</u>	<u>5,827,493</u>	<u>(11,344,202)</u>
Net carrying value	<u><u>143,130,943</u></u>	<u><u>32,870,473</u></u>	<u><u>176,001,416</u></u>

The following investments exceed 5% of investments in their portfolio.

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Mkulazi Holding Company Limited	279,026,744	143,130,943
Sisalana Tanzania Company Limited	26,771,363	32,870,473
	<u><u>305,798,107</u></u>	<u><u>176,001,416</u></u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The summary of the financial information of the subsidiaries and the percentage of ownership by the fund is as summaries below:

	Mkulazi Holding Company Limited	Sisalana Tanzania Company Limited
	TZS '000	TZS '000
30 June 2023		
Fund's ownership	96%	100%
Revenue	2,656,667	7,429,976
Loss from continuing operations	(18,058,315)	(1,847,727)
After tax loss from continuing operations	(18,058,315)	(1,847,727)
Current assets	24,486,457	4,192,086
Non-current assets	230,061,434	22,900,766
Current liabilities	(1,428,616)	(1,072,551)
Net assets (100%)	253,119,275	26,020,301
Fund's share of net assets	242,994,504	26,020,301
Carrying amount of interest in subsidiary	279,026,744	26,771,363
30 June 2022		
Fund's ownership	96%	100%
Revenue	3,609,956	-
Loss from continuing operations	(10,346,883)	8,871,127
After tax loss from continuing operations	(14,395,653)	(2,344,270)
Current assets	14,361,080	4,672,174
Non-current assets	141,306,148	23,870,374
Current liabilities	(3,655,839)	(674,521)
Net assets (100%)	152,011,389	27,868,027
Fund's share of net assets	145,930,934	27,868,027
Carrying amount of interest in subsidiary	143,130,943	32,870,473

None of the above subsidiaries control any further subsidiaries.

The Fund receives income in form of dividends and interests from its investments in unconsolidated subsidiaries and there are no restrictions on the transfer of funds from these activities to the Fund. The Fund has contractual commitments and current intentions to provide financial and other support to its unconsolidated subsidiaries.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-financial details of the unconsolidated subsidiaries as at 30 June 2023 are as per table below:

Subsidiary name	Principal place of business	Nature of business	Ownership in percentage	
			30 June 2023	30 June 2022
Mkulazi Holding Company Limited	Mkulazi Project, Ngerengere and Mbigiri Project, Dakawa/Mvomero, Morogoro	Construction of sugar factory, growing sugar cane and production of sugar and related products.	96%	96%
Sisalana Tanzania Company Limited	Sisalana House, Tasma Road, Tanga	Processing and production of fiber and other related products.	100%	100%

Further information of the companies as described below:

(i) Mkulazi project

Mkulazi Holding Company Limited (MHCL) is a Special Purpose Vehicle (SPV) and a subsidiary company of the National Social Security Fund (NSSF) with a shareholding of 96 percent. The other shareholder is the Prison Corporation Sole (PCS) who owns 4 percent of the shares. MHCL has its Management under supervision of the Board of Directors which is appointed by President's Office.

Initially, the company planned to implement the two sugar estate projects: Mkulazi Estate which is located at Mkulazi area, Morogoro Rural Distric, and Mbigiri Estate at Mbigiri Area in Kilosa District. It was later resolved by shareholders to return Mkulazi Estate to the Government through Tanzania Investment Centre (TIC) to find another private strategic investor to undertake the project due to an increase in project costs.

Establishment of the MHCL is part of the implementation of the Country's second Five-Year Development Plan (FYDP II) which aims at ensuring that Tanzania becomes industrialized and middle-income economy. The proposed project entails construction of sugar mill to produce 50,000 MT of sugar per annum at Mbigiri Estate. The earmarked project site is Farmland covering 4,856 hectares of farm land.

Upon completion, the factory will have a capacity to crush 2,500 TCD expandable to 3,500 TCD. The project will also generate its own electricity for the factory, irrigation, offices, domestic and other uses produced using sugarcane fibres after extraction of juice with a capacity to generate 15 MW. Out of these approximately 2.75 MW will be integrated to the national grid. The ultimate objective is to produce and sell 50,000 MT of sugar and 20,040 tons of molasses annually.

The overall factory installation project progress up to 30th June, 2023 was 94% and it is expected to be completed by November 2023 with production set to start during the financial year 2023/24. Upon completion, the factory is expected to produce 1,200 direct employments.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Sisalana Tanzania Company Limited

Sisalana Tanzania Company Limited (STCL) is a subsidiary company of the Fund. The Fund owns 100 percent of ordinary shares of the Company.

On 10th March 2021, the Fund established a company in the name of Sisalana Tanzania Company Ltd with registration number 151144942. On the date, the High Court of Tanzania issued a court order which allowed the Fund to take all assets pledged as securities for loans issued to Katani Limited.

On 12 March 2021, the Fund took over all assets pledged as securities to Katani Limited located at Tasma building- Bombo Area, Tanga city, Tancord factory- Ngomeni Muheza, Kitiimo Engineering Services (KES) and decortication facilities located at Magoma Songea, Magunga, Mwelya, Hale, Ngombezi, Magoma Kulasi and Mwelya Usambara.

The value of the company was determined following the valuation made by the Government valuer. The report shows the assets had a market value of TZS 24.54 billion.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
39. STATIONERY AND CONSUMABLES		
See accounting policy No. 4.9 (b)		
At 1 July	652,170	830,841
Purchased during the period	1,175,861	810,228
Utilised during the period	<u>(898,639)</u>	<u>(988,899)</u>
	929,392	652,170
Accumulated write downs ¹	<u>(355,307)</u>	<u>(355,307)</u>
As at 30 June	<u>574,085</u>	<u>296,863</u>
¹Movement in accumulated write down value		
At 1 July and 30 June	<u>355,307</u>	<u>355,307</u>

Stationery and consumables relate to stationery and consumables maintained by the Fund for the day-to-day operations and are carried at the lower of cost and net realizable value.

No written down was recognised in statement of changes in net assets available for benefits in the year ended 30 June 2023 (2021/22: TZS 355 million).

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

40. RIGHT-OF-USE ASSETS

See accounting policy No. 4.7

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Cost		
At 1 July	2,041,612	2,194,176
Additions	846,309	-
Adjustment during the year	-	(152,564)
As at 30 June	<u>2,887,921</u>	<u>2,041,612</u>
Accumulated amortisation		
At 1 July	1,282,213	787,701
Charge for the year	766,690	494,512
As at 30 June	<u>2,048,903</u>	<u>1,282,213</u>
Net book value at 30 June	<u>839,018</u>	<u>759,399</u>

The Right-of-use of assets relates to leases of office spaces.

41. INTANGIBLE ASSETS

See accounting policy No. 4.4

Cost		
At 1 July	9,702,601	9,561,789
Additions	114,253	140,812
As at 30 June	<u>9,816,854</u>	<u>9,702,601</u>
Accumulated amortisation		
At 1 July	8,054,323	7,942,932
Charge for the year	654,457	111,391
As at 30 June	<u>8,708,780</u>	<u>8,054,323</u>
Net carrying amount at 30 June	<u>1,108,074</u>	<u>1,648,278</u>

The useful lives of intangible assets are assessed as either finite or indefinite. All computer software have finite lives and are amortised over their useful economic lives of 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each reporting period.

The Fund has internally generated software that supports its operations. This has not been recognised as part of intangible assets as there are no costs relating to the development of the internally generated software that can be differentiated from the ordinary operating costs of the Fund. The related expenditure is recognised in the Statement of Changes in Net Assets Available for Benefits in the period in which the expenditure is incurred.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

42. SERVICE CONCESSION ASSETS

See accounting policy No. 4.18

	Kigamboni Bridge TZS'000	Work in Progress TZS'000	Total TZS'000
At 30 June 2023			
Cost			
At 1 July 2022	180,936,761	21,976,183	202,912,944
Additions	186,721	-	186,721
Reclassified from Work in Progress	21,976,183	(21,976,183)	-
Transferred to Nyerere bridge receivable	(12,684,400)	-	(12,684,400)
As at 30 June 2023	190,415,265	-	190,415,265
Accumulated amortisation			
At 1 July 2022	36,695,868	-	36,695,868
Charge for the year (Note 22)	3,490,657	-	3,490,657
Effect of reclassification made to Nyerere Bridge Receivable	(2,536,880)	-	(2,536,880)
As at 30 June 2023	37,649,645	-	37,649,645
Net carrying amount	152,765,620	-	152,765,620
	Kigamboni Bridge TZS'000	Work in Progress TZS'000	Total TZS'000
At 30 June 2022			
Cost			
At 1 July 2021	180,936,761	14,694,446	195,631,207
Additions	-	7,281,737	7,281,737
As at 30 June 2022	180,936,761	21,976,183	202,912,944
Accumulated amortisation			
At 1 July 2021	31,057,321	-	31,057,321
Charge for the year	5,638,547	-	5,638,547
As at 30 June 2022	36,695,868	-	36,695,868
Net carrying value	144,240,893	21,976,183	166,217,076

NSSF has the sole and exclusive right to demand, collect and appropriate fees from the users of the facility. The income from toll collections (exclusive of VAT) for the year ended 30 June 2023 was as summarised below:

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

42. SERVICE CONCESSION ASSETS (CONTINUED)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Nyerere bridge toll collections	<u>13,333,088</u>	<u>13,686,229</u>

Total costs incurred by the Fund during the year for construction of Kigamboni Bridge amounts to TZS 311,201 thousand (2021/22: TZS 12,136 million). The amount represents the actual amount paid to the contractors and suppliers. The 60 percent of the total cost of TZS 311,201 thousand incurred which is equivalent to TZS 186,721 thousand (2021/22: TZS 7,282 million) has been capitalized to intangible asset and 40 percent equivalent to TZS 124,480 thousand (2021/22: TZS 4,854 million) has been included in the receivable balance from the Government for Nyerere bridge.

Nyerere bridge construction costs	<u>311,201</u>	<u>12,136,227</u>
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The Kigamboni Bridge is a six lanes bridge, 680 meters Cable Stayed Bridge and six lanes approach road of 2.5 kilometers long, 1.5 kilometers approach road on the Kigamboni side and 1 kilometer on the Dar es Salaam side with free interchange at Mandela Road and grade separation across the Tazara Railway line. The construction arrangement was under Design, Build, Finance, Operate and Transfer ('DBFOT'). The cost sharing was at a ratio of 60%:40% for NSSF and the Government respectively. The project was commissioned in April 2016.

The Fund started operations of the Nyerere Bridge since May, 2016 whereby the applied toll rates were approved by the Ministry of Works through the letter with Ref. No. CDA 376/414/01/179 dated 07th June 2016. During the financial year ended 2022/23, the Fund planned to collect a total of TZS 15.60 billion as income from toll collections.

In May 2022, the Government issued a new toll rate vide letter with Ref. No. CAB.186/215/02A/142 dated 19th May 2022 which started to be in use with effect 27th May 2022.

Following the adoption of the new toll rates the Fund conducted an analysis on its impact to the project payback period which showed that the payback period has increased from the initial 30 years to 54.55 years. The change was communicated to the Ministry of works vide the letter with Ref. No. DE.293/375/01TEMP/41 dated 27th June 2022.

Subsequently, the Fund reviewed its collection target during mid-year review for the financial year 2022/23 from TZS 15.60 billion to 15.00 billion so as to align with actual collection as a result of changes in toll rates.

Consequently, the concession period used to amortise the service concession assets has been reviewed from initial 30 years to 54.55 years. The changes have been applied prospectively as per the IAS 8 requirements - changes in accounting estimates.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

43. PROPERTY AND EQUIPMENT

See accounting policy No. 4.3

	Land	Buildings	Motor vehicles	Motor cycles	Furniture and fittings	Office machine and equipment	Computer hardware	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 30 June 2023								
Cost								
At 1 July 2022	13,559,501	39,005,154	11,425,479	44,290	4,640,153	7,075,037	17,907,681	93,657,295
Additions	50,000	365,382	3,114,365	-	484,009	542,888	3,278,537	7,835,181
Reclassification within assets categories	-	-	564,031	-	3,605,805	(940,775)	(3,229,061)	-
Transfer from prepayments and other receivables	-	-	2,510,136	-	-	-	-	2,510,136
At 30 June 2023	13,609,501	39,370,536	17,614,011	44,290	8,729,967	6,677,150	17,957,157	104,002,612
Accumulated depreciation								
At 1 July 2021	-	5,752,674	8,961,841	44,290	2,436,577	5,773,379	15,149,334	38,118,095
Charge for the year	-	666,823	756,419	-	731,948	600,166	2,299,301	5,056,656
Effect of reclassification within assets categories ¹	-	(39,432)	429,685	-	1,371,236	(940,775)	(820,714)	-
At 30 June 2023	-	6,380,065	10,149,945	44,290	4,539,761	5,432,770	16,627,920	43,174,751
Net carrying amount								
At 30 June 2023	13,609,501	32,990,471	7,464,066	-	4,190,206	1,244,380	1,329,237	60,827,861
At 30 June 2022	7,550,000	39,261,981	2,463,638	-	2,203,576	1,301,658	2,758,347	55,539,200

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

43. PROPERTY AND EQUIPMENT (CONTINUED)

See accounting policy No. 4.3

	Land	Buildings	Motor vehicles	Motor cycles	Furniture and fittings	Office machine and equipment	Computer hardware	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 30 June 2022								
Cost								
At 1 July 2021	7,550,000	33,120,857	11,425,479	44,290	3,518,095	6,386,298	16,602,407	78,647,426
Additions	-	-	-	-	1,122,058	688,739	1,305,274	3,116,071
Transfer from investment properties	6,009,501	5,884,297	-	-	-	-	-	11,893,798
At 30 June 2022	13,559,501	39,005,154	11,425,479	44,290	4,640,153	7,075,037	17,907,681	93,657,295
Accumulated depreciation								
At 1 July 2021	-	4,314,165	8,379,171	44,290	2,031,780	5,362,548	14,067,657	34,199,611
Charge for the year	-	1,438,509	582,670	-	404,797	410,831	1,081,477	3,918,284
At 30 June 2022	-	5,752,674	8,961,841	44,290	2,436,577	5,773,379	15,149,334	38,118,095
Net carrying amount								
At 30 June 2022	13,559,501	33,252,480	2,463,638	-	2,203,576	1,301,658	2,758,347	55,539,200
At 30 June 2021	7,550,000	28,806,692	3,046,308	-	1,486,315	1,023,750	2,534,550	44,447,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

43. PROPERTY AND EQUIPMENT (CONTINUED)

Effect of reclassification within assets categories

During the financial year 2022/23, the Fund made the reconciliation of the assets register which resulted in reclassification of some of the assets within different classes of the assets categories. The reclassification of these assets had impact to the accumulated depreciation of the individual class of assets. There were no changes in the overall accumulated depreciation of the assets during the period. The net depreciation charge recognised in the statement of changes in net assets available for benefits for the financial year 2022/23 is TZS 5.30 billion.

The effect of reclassification within the assets categories is as summarised below:

<u>30 June 2023</u>	<u>Depreciation charge</u>	<u>Effect of reclassification</u>	<u>Net of reclassification</u>
	TZS 000	TZS 000	TZS 000
Buildings	907,203	(39,432)	867,771
Motor vehicles	758,419	429,685	1,188,104
Furniture and fittings	731,948	1,371,236	2,103,184
Office machine and equipment	600,166	(940,775)	(340,609)
Computer hardware	2,299,300	(820,714)	1,478,586
Total	5,297,036	-	5,297,036

Included in property and equipment are assets that are fully depreciated but are still in use by the Fund. The gross amount (cost) of the fully depreciated assets is TZS 18.28 billion (2021/22: TZS 33.17 billion). The notional annual depreciation charge for the fully depreciated assets is TZS 3.28 billion (2021/22: TZS 5.74 billion).

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
44. CORPORATE TAX RECOVERABLE		
See accounting policy No. 4.16		
At 1 July	21,361,154	56,160,232
Current income tax charge (Note 23)	(83,998,318)	(76,636,862)
Current income tax - prior year understatement	-	(51,470,348)
Current tax paid during the year	69,347,567	91,470,348
Withholding tax deducted at source ¹	2,414,894	1,837,784
At 30 June	9,125,297	21,361,154
Corporate tax paid during the year		
Current year tax paid	69,347,567	40,000,000
Prior year tax paid during the period	58,617,177	51,470,348
Withholding tax deducted at source	2,414,894	1,837,784
	130,379,638	93,308,132

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
45. DEFERRED INCOME TAX ASSET		
See accounting policy No. 4.16		
At 1 July	86,134,660	190,632,155
Charged for the year (Note 23)	(5,936,525)	(104,497,495)
At 30 June	<u>80,198,135</u>	<u>86,134,660</u>
The deferred tax asset is made up of:		
Accelerated wear and tear	(60,825,653)	(51,709,893)
Other timing differences	141,816,373	119,426,629
Surplus on revaluation of property and equipment	61,682,156	(43,264,232)
Revaluation gains	(62,474,741)	61,682,156
At 30 June	<u>80,198,135</u>	<u>86,134,660</u>
46. MEMBERS' CLAIMS PAYABLE		
Commutated pension	8,279,426	1,492,355
Survivor's benefit	309,413	507,269
Maternity benefit	88,347	135,583
Health insurance	10,237,678	4,497,920
Unemployment benefit	5,693,510	8,576,697
Death grant	9,450	34,984
Unclaimed payments	2,433,001	2,146,062
Surrender Value Benefit	174,769	197,329
Funeral Grants	400	400
Contributions Refund Provision	3,771	2,298
	<u>27,229,765</u>	<u>17,590,897</u>
Movement in Members' claims payable		
As at 1 July	17,590,897	16,065,164
Benefit expenses (Note 10)	738,609,095	659,766,133
Benefit payments	(728,970,227)	(658,405,266)
Change in Contributions Refund Payable	-	164,866
As at 30 June	<u>27,229,765</u>	<u>17,590,897</u>

Benefit payable comprise benefit claims due to members and their dependents under the NSSF Act at the year end.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

47. LEASE LIABILITIES

See accounting policy No. 4.7

At 1 July	1,653,109	1,068,886
Additions	846,309	972,727
Interest expense to lease liability	432,825	321,727
Repayment of lease liability (including interest)	(1,059,916)	(710,231)
At 30 June	1,872,327	1,653,109

Lease liability maturity analysis

Later than 1 year but less than 5 years	2,038,724	2,542,501
Later than 5 years	45,819	97,821
	<u>2,084,543</u>	<u>2,640,322</u>
Discount factor	(212,216)	(987,213)
At 30 June	1,872,327	1,653,109

The Fund leases its various offices under non-cancellable lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at the market rate. No arrangements have been entered into for contingent rental payments, and no restrictions have been imposed by these lease arrangements.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
48. OTHER PAYABLES		
Rent received in advance	2,912,853	4,031,485
Unallocated contributions	9,147,227	9,370,106
Accrued expenses	5,253,871	2,354,810
Advance received - disposal of buildings and plots	139,597	87,205
Auditors' remuneration	950,226	739,000
Contractors' retention money	7,425	2,717
Accrued cost projects and investments	3,299,217	7,705,317
Accumulated WESTADI premium account	362,593	362,593
Provision for leave benefits	2,150,348	1,595,335
Accounts payable (admin) and others	8,039,593	17,194,808
VAT payable to TRA	-	4,752,225
NSSF Hiari Payable	9,843,432	9,714,466
Kenya Commercial Bank (KCB) Payable	25,541,529	-
Mutluhan Construction Industry Company Limited	160,789,001	-
Other Payables	3,748,963	3,837,176
	<u>232,185,875</u>	<u>61,747,243</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
48. OTHER PAYABLES (CONTINUED)		
<i>Movement in other payables</i>		
Other payable balance at 1 July	61,747,243	47,090,227
Administrative expenses	150,042,453	119,281,648
Investment expenses	17,298,388	12,191,174
Other charges	4,589,409	522,677
Adjustment for non-cash items ¹	185,517,401	(988,897)
Other payable balance at 30 June	<u>(232,185,875)</u>	<u>(61,747,243)</u>
Payment for operational and administrative expenses	<u>187,009,019</u>	<u>116,349,586</u>

¹The details of the adjustments for the no cash items has been detailed below;

Adjustment for the accrued balance payable to Kenya Commercial Bank (KCB)	25,541,529	-
Adjustment for the accrued balance payable Mutluhan Construction Industry Company Limited	160,789,001	-
Adjustment for the amount of stationery and consumables utilised during the period.	<u>(813,129)</u>	<u>(988,897)</u>
	<u>185,517,401</u>	<u>(988,897)</u>

49. DEPOSITS FROM CUSTOMERS

Contract liability	<u>2,672,797</u>	<u>1,109,176</u>
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Contract liability represents amounts of money received as instalments for plots sold under instalment payment for 12 months for which the Fund has not transferred the ownership to the buyer.

50. FUNDS FOR TTCL PENSIONERS

As at 1 July	12,304,858	10,383,483
Amount received during the year	-	918,454
Interest earned during the year	-	1,002,921
Re-categorised to investment income	(10,533,509)	-
Re-categorised to other income	<u>(1,655,737)</u>	<u>-</u>
As at 30 June	<u>115,612</u>	<u>12,304,858</u>

In March 2022, the Fund received a letter from the Treasury Registrar for terminating the contract on administering the scheme. Therefore, the Fund assessed the assets and pension liability for the scheme. The pension liability was assessed for the period ended 31 December 2021 which is the date where the last payment is made to the scheme. The net assets available for the benefits of the scheme as at 30 June 2023 was TZS 115.62 million.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

50. FUNDS FOR TTCL PENSIONERS (CONTINUED)

The Fund was entrusted to manage a Pension balance for employees of the Tanzania Telecommunication Company Limited (TTCL) who were still in employment when TTCL was privatized. The scheme was earlier being managed by TTCL itself.

The liability to the Fund is the portion of unpaid balance. The Fund receives 7.5% of the total pension liability to cover administration and management fees for any transfer made from TTCL and deducts 3.5% of any amount paid to beneficiaries to cover payment processing and money transfer.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
51. DEPOSIT ADMINISTRATION SCHEME (DAS)		
As at 1 July	10,886,407	8,123,476
Amount received during the year	4,219,733	4,285,662
	<u>15,106,140</u>	<u>12,409,138</u>
Less: Payments made during the year	(5,283,118)	(1,522,731)
As at 30 June	<u>9,823,022</u>	<u>10,886,407</u>

The Fund manages a Deposit Administrative Scheme for Geita Gold Mining Limited and TAZAMA Pipeline Limited. These are voluntary schemes where members of the scheme make contributions to the scheme through deductions from their salaries.

Geita Gold Mine (GGM) employees are paid benefits as specified by the scheme rules and regulations on their ceasing to be employee of the company. Contribution by employer is five percent (5%) of employee's salary and the employee contributes any amount above five percent (5%).

Under arrangement for TAZAMA Pipeline Limited, the employer contributes seven percent (7%) of monthly basic salary and employee contributes three percent (3%). The funds are invested and the interest received by employees during redemption is 1.8%.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
52. EMPLOYEES BENEFIT OBLIGATIONS		
See accounting policy No. 4.17		
Long service award obligation (a)	6,123,116	20,348,066
Employee retirement benefits obligation (b)	151,231,659	180,647,575
	<u>157,354,775</u>	<u>200,995,641</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

52. EMPLOYEES BENEFIT OBLIGATIONS (CONTINUED)

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
(a) Long service award obligation	<u>6,123,116</u>	<u>20,348,066</u>
Changes in the obligation		
At 1 July	20,348,066	16,851,127
Current service cost	479,299	848,979
Interest cost	2,512,312	2,023,062
Actuarial (gain)/loss	(16,578,162)	1,512,898
	<u>6,761,515</u>	<u>21,236,066</u>
Benefits paid during the year	(638,399)	(888,000)
At 30 June	<u>6,123,116</u>	<u>20,348,066</u>

Key assumptions

In the actuarial valuation for the long service obligation, management assumed a discount rate of 11.31% (2021/22: 12.01%), retirement age of 60 years and award increase of 10.55% (2021/22: 7.47%) per annum.

Sensitivity analysis

Management performed sensitivity analysis of the long service award by changing the discount rate by 1% upward or downward.

	<u>30 June 2023</u> TZS' 000		<u>30 June 2022</u> TZS' 000	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	5,866,859	6,448,171	20,010,478	20,749,454

	<u>30 June 2023</u> TZS'000	<u>30 June 2022</u> TZS'000
(b) Employee retirement benefits obligation	<u>151,231,660</u>	<u>180,647,575</u>
Changes in the obligations		
At 1 July	180,647,575	155,898,137
Current service cost	22,460,336	5,375,507
Interest cost	10,490,000	18,716,351
Actuarial (gain)/loss	(60,114,180)	2,782,188
	<u>153,483,731</u>	<u>182,772,183</u>
Benefits paid during the year	(2,252,072)	(2,124,608)
At 30 June	<u>151,231,659</u>	<u>180,647,575</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

52. EMPLOYEES BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis

Management performed sensitivity analysis of the employee retirement benefits obligation by changing the discount rate and salary growth rate by 1% upward or downward.

	30 June 2023		30 June 2022	
	TZS' 000		TZS' 000	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	9,119,302	12,141,171	4,741,095	6,130,800
Salary growth (1% movement)	12,137,217	9,099,299	6,157,767	4,710,968

	30 June 2023	30 June 2022
	TZS'000	TZS'000
(c) Actuarial loss/(gain)		
Long service award obligation (a)	(16,578,162)	1,512,898
Employee retirement benefits obligation (b)	(60,114,180)	2,782,188
	(76,692,342)	4,295,086

(d) Employees benefit expenses

Long service award obligation (i)		
Current service cost	2,512,312	848,979
Interest cost	479,299	2,023,062
	2,991,611	2,872,041
Employee retirement benefits obligation (ii)		
Current service cost	22,460,336	5,375,507
Interest cost	10,490,000	18,716,351
	32,950,336	24,091,858
Employees benefit expenses (i and ii above)	35,941,947	26,963,899

(e) Payments for long term employees' obligation

Payment for long service awards	638,399	888,000
Payment for retirement benefits obligation	2,252,072	2,124,608
	2,890,471	3,012,608

The Fund operates an unfunded non-contributory employee gratuity arrangement (the 'Arrangement'), which provides a benefit equal to one third of the final annual basic salary for each half of year of service for employees attaining the normal retirement age of 60 years; voluntary retirement from age of 55 years and above; retirement under medical ground; and death while in service.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

52. EMPLOYEES BENEFIT OBLIGATIONS (CONTINUED)

The arrangement qualifies as a defined benefit plan. Employees are not eligible to receive the benefit on cessation of employment for reasons other than retirement after attaining the age of 55 years and above, ill health or death in service. The Fund provides for normal retirement age of 60 years with voluntary retirement age of 55 years. The amounts recognised in the statement of changes in net assets available for benefits are determined using the assumptions below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
(i) Principle assumptions used		
The principle actuarial assumptions used include:		
Discount rate (% p.a.)	11.31%	12.01%
Future Salary increase (% p.a.)	10.55%	7.47%
Retirement age (years)	60	60
Mortality is assumed to follow the specimen salaried male/female ultimate experience table.		
(ii) Number of employees		
At 1 July	1,134	1,121
New entrants	48	36
Withdrawals	(9)	(13)
Death	(5)	(5)
Retirement	(2)	(5)
At 30 June	<u>1,166</u>	<u>1,134</u>
	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000

53. NOTES TO CASHFLOW STATEMENT

(a) NET (PAYMENTS FOR)/RECEIPTS FROM STAFF AND OTHER RECEIVABLES

Receivable balance as at 1 July (Note 33)	316,381,797	283,301,533
Movement in rent receivable	(133,368)	(9,833,363)
Movement in dividend receivable	467,666	37,485
Write off during the year	(67,528)	(121,201)
Adjustment for non-cash items	(275,931,202)	(228,104)
Receivable balance as at 30 June (Note 33)	<u>(141,216,115)</u>	<u>(316,381,797)</u>
Payments for staff and other receivables	<u>(100,498,750)</u>	<u>(43,225,447)</u>

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
53. NOTES TO CASHFLOW STATEMENT (CONTINUED)		
(b) INTEREST RECEIVED FROM INVESTMENTS		
Receipts from government securities (Note 29)	323,963,323	251,492,252
Receipts from corporate bonds (Note 30)	1,275,125	-
Receipts from long term loans (Note 34)	955,320	1,794,723
Receipts from deposits with banks and financial institutions (Note 25)	21,418,972	18,306,566
Receipts from TTCL pensioners scheme (Note 50)	-	1,002,921
Interest received from investments	<u>347,612,740</u>	<u>272,596,462</u>

54. RELATED PARTIES TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are on terms equivalent to arm's length transactions.

(a) Associates and subsidiaries

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Transactions		
Azania Bank Limited		
Placements with bank	25,604,987	16,327,050
Interest on placements	<u>3,161,124</u>	<u>1,013,251</u>
Mkulazi Holding Company Limited		
Additional investment in subsidiary	<u>118,666,199</u>	<u>72,259,218</u>
Balances		
Azania Bank Limited		
Investment in associate	50,860,875	53,751,227
Placements with banks	89,079,333	63,275,233
Interest receivable on placement with bank	-	1,013,251
Current accounts	<u>7,482,090</u>	<u>43,136,431</u>
Ubungu Plaza Limited		
Investment in associates	<u>12,859,499</u>	<u>17,830,849</u>

NATIONAL SOCIAL SECURITY FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)****54. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)****(a) Associates and subsidiaries (Continued)**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Katani Limited		
Investment in long term loan	<u>10,864,794</u>	<u>10,755,936</u>
Pensions Property Limited (PPL)		
Investment in long term loan	21,622,452	21,622,452
Interest receivable in long term loan	<u>33,677,917</u>	<u>33,677,917</u>
Mkulazi Holding Company Limited		
Investment in subsidiary	<u>277,112,562</u>	<u>143,130,943</u>
Sisalana Tanzania Company Limited		
Investment in subsidiary	<u>28,870,734</u>	<u>32,870,473</u>

Placements of funds and loans to related parties were made at the Fund's usual terms and conditions and at market interest rates.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Balances in respect of the amounts owed by related parties are recorded at fair value.

(b) Remuneration of the Board of Trustees

The Board of Trustees is a body of appointed members who jointly oversee the activities of the Fund. Their remuneration is set out below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Board of Trustees fees	<u>92,470</u>	<u>89,500</u>

(c) Remuneration of key management personnel

Key management personnel, the Director General, Director of Finance, Director of Planning, Investments and Projects, Director of Operations, Director of Human Resources Management and Administration, Director of Internal Audit, Director of Information and Communication Technology, Director of Actuarial Services, Statistics and Risk Management, Director of Legal Services, Director of Procurement Management, Public Relations and Members Education Manager and the Internal Affairs Manager are related parties.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

54. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

(c) Remuneration of key management personnel (Continued)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Short-term employee benefits	1,814,499	1,814,499
Post-employment benefits		
• Defined contribution plan	<u>171,798</u>	<u>171,798</u>
	<u>1,986,297</u>	<u>1,986,297</u>
Loans to key management personnel		
At 1 July	692,225	445,296
Addition during the year	472,310	341,202
Repayment	(202,665)	(94,273)
Adjustment during the year ¹	<u>-</u>	<u>(181,476)</u>
At 30 June	<u>961,870</u>	<u>510,749</u>

¹The adjustment made in the financial year 2021/22 relates to loans of key management personnel who have been transferred to other Government institutions.

55. SOCIAL SECURITY COSTS

Some Fund's employees are members of the Public Service Social Security Fund (PSSSF) and others are members of the National Social Security Fund (NSSF). For NSSF, the Fund and employees each contribute 10% of employees' gross salary to the scheme, on a monthly basis, whereas for PSSSF, the Fund contributes 15% of employees' basic salary and the employee contributes 5% to the scheme. The employer's contribution is charged to the statement of changes in net assets available for benefits when payable. The amount charged to the statement of changes in net assets available for benefits in the year in respect of the Fund's contribution are summarised below:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Fund's contribution to PSSSF	<u>9,311,169</u>	<u>7,668,830</u>

As at the year end, all balances due to pension funds in relation to NSSF employees were settled.

Other statutory payroll remittances include Pay As You Earn (PAYE), Skills and Development Levy (SDL). PAYE and Skills and Development Levy are payable by the Fund to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act, CAP 322. The amounts charged to the Statement of changes in net assets available for benefits in the year in respect of the Skills and Development Levy and PAYE remittances are:

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

55. SOCIAL SECURITY COSTS (CONTINUED)

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Skills and Development Levy (SDL)	3,465,646	2,828,267
Pay As You Earn (PAYE)	21,684,905	15,345,843
	<u>25,150,551</u>	<u>18,174,110</u>

56. FINANCIAL RISK MANAGEMENT

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

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

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. As part of governance structure, the Board of Trustees has established a comprehensive risk management framework for measuring, monitoring, controlling and mitigating the Fund's risks. This includes, the provision of written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Audit Committee of the Board of Trustees 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. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management

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 principal financial assets are government securities, corporate debt securities, bank placements and balances, loan and receivables in respect of contribution, rent, finance lease etc. 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.

To address the credit risk, the Fund requires guarantees from top rated banks or the Government as the case may be. Before granting any loan, 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 Director of Actuarial Service, Statistics and Risk Management (DASSRM) and investments under the supervision of the management investment committee which is chaired by the Director General. Regular audits of the credit processes and management are undertaken by the internal audit unit.

The Fund holds collateral against loans and advances to customers in the form of Government guarantees to loans issued to the Government's projects, property ownership documents against staff loans issued to staff and guarantee of employers for loans issued to SACCOS. Estimates of fair value are based on the value of collateral assessed at the time of borrowing.

(i) Maximum exposure to credit risk before collateral held

The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30 June 2023		30 June 2022	
		TZS'000	%	TZS'000	%
Cash and cash equivalents	24	96,358,966	2	156,645,480	4
Deposits with banks and financial institution	25	277,929,635	6	223,578,323	5
Government securities	29	2,886,131,176	58	2,566,907,215	60
Corporate bonds	30	20,456,882	-	10,332,985	-
Finance lease receivable	31	21,461,299	-	25,704,808	1
Contributions and penalty receivables	32	507,349,891	10	210,727,961	5
Other receivables*	33	111,996,858	2	258,372,038	6
Investment in long term loans	34	1,093,119,258	22	844,800,803	20
		<u>5,014,803,965</u>	<u>100</u>	<u>4,297,069,613</u>	<u>100</u>

* The value of other receivables does not include advance to members, advance to contractors and prepayments amounting to TZS 2.02 billion (2021/22: TZS 3.33 billion)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (Continued)

Investments in Government securities, corporate debt securities, loans and bank placements are stated at fair value.

Security structures and legal covenants are also subjected to regular review to ensure they continue to fulfil their intended purpose. Collateral is usually not held against Government securities. All credit exposures arise in Tanzania.

The Fund's exposure to credit risk in loans is influenced mainly by the individual characteristics of loan type. However, management also considers the factors that may influence the credit risk of its loan base, including the default risk associated with the industry and the nature of the borrowers.

The Fund's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL - not credit impaired
Doubtful	Amount is 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Fund has no realistic prospect of recovery.	Amount is written off

For other receivables, the Fund has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

The Fund determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes further details on the loss allowance for these assets respectively.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk management (Continued)

(iii) Credit quality of the financial assets

Contributions Receivable

The following table details the risk profile of contribution and penalty receivable based on the Fund's provision matrix. As the Fund's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Fund's different customer base.

30 June 2023	Gross Carrying amount TZS 000	Impaired TZS 000	Not Impaired TZS 000
Less than 1 month	137,283,687	8,597,098	128,686,589
Between 1 -3 months	43,454,936	15,246,067	28,208,869
Between 3 -9 months	101,263,780	45,583,614	55,680,166
Between 9 -12 months	118,184,509	53,376,180	64,808,329
Above 12 months	362,366,035	132,400,097	229,965,938
Total	762,552,947	255,203,056	507,349,891

30 June 2022

Less than 1 month	175,866,049	54,379,414	121,486,635
Between 1 -3 months	73,806,284	29,644,337	44,161,947
Between 3 -9 months	35,770,374	18,764,853	17,005,521
Between 9 -12 months	65,584,796	37,510,937	28,073,859
Above 12 months	83,749,356	83,749,356	-
Total	434,776,859	224,048,897	210,727,962

Other receivables

The table below describes the credit quality for other receivables based on the Fund's provision matrix.

	30 June 2023 TZS'000	30 June 2022 TZS'000
Neither past due nor Impaired	69,175,207	45,070,754
Past due but not Impaired	44,846,287	216,628,935
Impaired	27,194,620	54,682,108
	141,216,114	316,381,797

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management

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 principal financial assets are government securities, corporate debt securities, bank placements and balances, loan and receivables in respect of contribution, rent, finance lease etc. 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.

To address the credit risk, the Fund requires guarantees from top rated banks or the Government as the case may be. Before granting any loan, 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 Director of Actuarial Service, Statistics and Risk Management (DASSRM) and investments under the supervision of the management investment committee which is chaired by the Director General. Regular audits of the credit processes and management are undertaken by the internal audit unit.

The Fund holds collateral against loans and advances to customers in the form of Government guarantees to loans issued to the Government's projects, property ownership documents against staff loans issued to staff and guarantee of employers for loans issued to SACCOs. Estimates of fair value are based on the value of collateral assessed at the time of borrowing.

(i) Maximum exposure to credit risk before collateral held

The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	<u>30 June 2023</u> TZS'000	%	<u>30 June 2022</u> TZS'000	%
Cash and cash equivalents	24	96,358,966	2	156,645,480	4
Deposits with banks and financial institution	25	277,929,635	6	223,578,323	5
Government securities	29	2,886,131,176	58	2,566,907,215	60
Corporate bonds	30	20,456,882	-	10,332,985	-
Finance lease receivable	31	21,461,299	-	25,704,808	1
Contributions and penalty receivables	32	507,349,891	10	210,727,961	5
Other receivables*	33	111,996,858	2	258,372,038	6
Investment in long term loans	34	1,093,119,258	22	844,800,803	20
		<u>5,014,803,965</u>	<u>100</u>	<u>4,297,069,613</u>	<u>100</u>

* The value of other receivables does not include advance to members, advance to contractors and prepayments amounting to TZS 2.02 billion (2021/22: TZS 3.33 billion)

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (Continued)

Investments in Government securities, corporate debt securities, loans and bank placements are stated at fair value.

Security structures and legal covenants are also subjected to regular review to ensure they continue to fulfil their intended purpose. Collateral is usually not held against Government securities. All credit exposures arise in Tanzania.

The Fund's exposure to credit risk in loans is influenced mainly by the individual characteristics of loan type. However, management also considers the factors that may influence the credit risk of its loan base, including the default risk associated with the industry and the nature of the borrowers.

The Fund's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past due amounts.	Lifetime ECL - not credit impaired
Doubtful	Amount is 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Fund has no realistic prospect of recovery.	Amount is written off

For other receivables, the Fund has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

The Fund determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes further details on the loss allowance for these assets respectively.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (Continued)

(ii) Credit quality of the financial assets

Contributions Receivable

The following table details the risk profile of contribution and penalty receivable based on the Fund's provision matrix. As the Fund's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Fund's different customer base.

30 June 2023	Gross Carrying amount TZS 000	Impaired TZS 000	Not Impaired TZS 000
Less than 1 month	137,283,687	8,597,098	128,686,589
Between 1 -3 months	43,454,936	15,246,067	28,208,869
Between 3 -9 months	101,263,780	45,583,614	55,680,166
Between 9 -12 months	118,184,509	53,376,180	64,808,329
Above 12 months	362,366,035	132,400,097	229,965,938
Total	762,552,947	255,203,056	507,349,891
30 June 2022			
Less than 1 month	175,866,049	54,379,414	121,486,635
Between 1 -3 months	73,806,284	29,644,337	44,161,947
Between 3 -9 months	35,770,374	18,764,853	17,005,521
Between 9 -12 months	65,584,796	37,510,937	28,073,859
Above 12 months	83,749,356	83,749,356	-
Total	434,776,859	224,048,897	210,727,962

Other receivables

The table below describes the credit quality for other receivables based on the Fund's provision matrix.

	30 June 2023 TZS'000	30 June 2022 TZS'000
Neither past due nor impaired	69,175,207	45,070,754
Past due but not impaired	44,846,287	216,628,935
Impaired	27,194,620	54,682,108
	141,216,114	316,381,797

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (Continued)

(iii) Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Fund's main credit exposure at their carrying amounts, as categorised in bank wise as of 30 June 2023 and 30 June 2022. The Fund has allocated exposure to different banks based on the performance and expected returns from these banks.

<u>30 June 2023</u>	<u>Deposit with banks</u>	<u>Cash and cash equivalents</u>	<u>Total</u>
	TZS '000'	TZS '000'	TZS '000'
Bank of Africa Tanzania Limited	5,423,589	-	5,423,589
KCB Bank Tanzania Limited	33,661,307	-	33,661,307
TIB Development Bank	7,110,612	-	7,110,612
Azania Bank Limited	90,535,087	7,482,090	98,017,177
DCB Commercial Bank	1,032,055	-	1,032,055
Habib African Bank Limited	2,064,493	-	2,064,493
NMB Bank Plc	36,964,155	22,672,164	59,636,319
Equity Bank Tanzania Limited	10,641,918	-	10,641,918
The People's Bank of Zanzibar Limited	14,346,808	-	14,346,808
Tanzania Commercial Bank	11,147,685	-	11,147,685
National Bank of Commerce (Tanzania)	12,502,967	(6,213,721)	6,289,246
CRDB Bank Plc	34,786,027	29,797,999	64,584,026
Diamond Trust Bank (Tanzania) Limited	6,437,301	-	6,437,301
Tanzania Agricultural Development Bank	10,241,973	-	10,241,973
Mwanga Hakika Bank Limited	1,033,658	-	1,033,658
Standard Chartered Bank Plc	-	6,615,885	6,615,885
Bank of Tanzania	-	36,004,549	36,004,549
	<u>277,929,635</u>	<u>96,358,966</u>	<u>374,288,601</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (Continued)

(iii) Concentration of risks of financial assets with credit risk exposure (Continued)

<u>30 June 2022</u>	<u>Deposit with banks</u>	<u>Cash and cash equivalents</u>	<u>Total</u>
	TZS '000'	TZS '000'	TZS '000'
Bank of Africa Tanzania Limited	4,692,135	-	4,692,135
KCB Bank Tanzania Limited	6,396,128	-	6,396,128
TIB Development Bank	2,646,267	-	2,646,267
Azania Bank Limited	6,396,553	-	6,396,553
DCB Commercial Bank	5,874,970	-	5,874,970
Habib African Bank Limited	64,116,361	43,136,431	107,252,792
NMB Bank Plc	47,313,981	19,795,607	67,109,588
Equity Bank Tanzania Limited	10,243,580	-	10,243,580
The People's Bank of Zanzibar Limited	21,938,336	-	21,938,336
Tanzania Commercial Bank	6,896,946	-	6,896,946
National Bank of Commerce (Tanzania)	25,887,667	3,666,843	29,554,510
CRDB Bank Plc	7,108,940	23,717,163	30,826,103
Diamond Trust Bank (Tanzania) Limited	3,833,864	-	3,833,864
Tanzania Agricultural Development Bank	10,232,595	-	10,232,595
Mwanga Hakika Bank Limited	-	207,478	207,478
Standard Chartered Bank Plc	-	139	139
Bank of Tanzania	-	66,121,819	66,121,819
	<u>223,578,323</u>	<u>156,645,480</u>	<u>380,223,803</u>

(b) Liquidity risk management

Liquidity risk is the risk that the Fund will encounter difficulty in meeting 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 has access to a diverse funding base. The Fund manages liquidity risk by maintaining a pool of short-term placements with banks and treasury bills that are adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenses. The Fund continually assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Fund strategy. In addition, the Fund has a Finance and Investment Committee that meets on a regular basis to monitor liquidity risk, review and approve liquidity policies and procedures.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk management (Continued)

Maturity profile of financial assets and liabilities

The table below analyses financial assets and financial liabilities into relevant maturity groupings based on the remaining period at 30 June 2023 to the contractual maturity date.

Note	Less than 1 month	Between 1 - 3 months	Between 3 - 12 months	Over 12 months	Total
30 June 2023					
Financial assets					
24	96,358,966	-	-	-	96,358,966
25	26,550,044	61,771,841	189,607,750	-	277,929,635
29	-	-	40,280,846	2,845,850,330	2,886,131,176
30	-	-	-	20,456,882	20,456,882
31	325,960	1,019,269	2,783,397	17,332,673	21,461,299
32	128,686,589	28,208,868	120,488,495	229,965,939	507,349,891
33	5,853,223	13,030,958	28,859,405	64,253,272	111,996,858
34	-	-	421,634,524	671,484,734	1,093,119,258
	257,774,782	104,030,936	803,654,417	3,849,343,830	5,014,803,965
Financial liabilities					
46	27,229,765	-	-	-	27,229,765
48	88,079,136	72,709,865	71,396,874	-	232,185,875
50	115,612	-	-	-	115,612
51	271,482	610,668	2,173,730	6,767,142	9,823,022
	115,695,995	73,320,533	73,570,604	6,767,142	269,354,274
	142,078,787	30,710,403	730,081,813	3,842,576,688	4,745,449,691

*The value of other receivables does not include advance to members, advance to contractors and prepayments of TZS 2.02 billion

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk management (Continued)

Maturity profile of financial assets and liabilities (Continued)

The table below analyses financial assets and financial liabilities into relevant maturity groupings based on the remaining period at 30 June 2022 to the contractual maturity date.

30 June 2022	Note	Less than	Between	Between	Between	Over	Total
		1 month	1 - 3 months	3 - 12 months	12 months		
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Financial assets							
Cash and cash equivalents	24	156,645,480	-	-	-	-	156,645,480
Deposits with banks and financial institutions	25	38,528,892	15,397,095	169,652,336	-	-	223,578,323
Government securities	29	-	30,232,653	79,757,567	2,456,916,995	-	2,566,907,215
Corporate bonds	30	-	-	-	10,332,985	-	10,332,985
Finance lease receivables	31	101,127	191,073	1,101,136	24,311,472	-	25,704,808
Contribution receivables	32	121,486,635	44,161,947	45,079,379	-	-	210,727,961
Other receivables*	33	-	-	-	258,372,038	-	258,372,038
Long term loans	34	1,689,602	2,956,803	3,801,603	836,352,795	-	844,800,803
Total financial assets		318,451,736	92,939,571	299,392,021	3,586,286,285	4,297,069,613	
Financial liabilities							
Member's claims payable	46	17,590,897	-	-	-	-	17,590,897
Other payables	48	61,747,243	-	-	-	-	61,747,243
Funds for TTCL Pensioners	50	-	-	-	12,304,858	-	12,304,858
Deposit administration scheme (DAS)	51	-	432,738	2,050,064	8,403,605	-	10,886,407
Total financial liabilities		79,338,140	432,738	2,110,604	23,410,208	105,291,690	
Net exposure		239,113,596	92,506,833	297,341,957	3,565,577,822	4,194,540,208	

*The value of other receivables does not include advance to members, advance to contractors and prepayments of TZS 3.33 billion

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk management

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

(i) Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate financial instruments are government securities, corporate bonds, loans and deposits with banks and financial institutions. The Fund tries to mitigate the risk of variation in interest rates by going in for longer period of maturity when the interest rates are good and shorter maturity period when the interest rates are not that good. The Management Investment Committee will have to form its view on interest rate before the decision to invest is determined.

The Fund's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given the market interest rates consistent with the Fund's business strategies.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on return on investment, net increase in net assets and Funds balance due to change in interest rate. The correlation of assumptions will have a significant effect in determining the ultimate return on investment.

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Interest income	351,939,234	290,100,156
Interest increases by 5%	369,536,196	304,605,164
Gain	<u>17,596,962</u>	<u>14,505,008</u>
Interest income	351,939,234	290,100,156
Interest decreases by 5%	334,342,272	275,595,148
Loss	<u>(17,596,962)</u>	<u>(14,505,008)</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk management (Continued)

(i) Interest rate risk management (Continued)

The table below analyses the Fund's interest rate risk exposure on financial assets and liabilities

<u>30 June 2023</u>	<u>Carrying amount</u> TZS '000	<u>Interest bearing</u> TZS '000	<u>Non-interest bearing</u> TZS '000
<u>Assets</u>			
Cash and Cash equivalent	96,358,966	96,358,966	-
Deposits with banks and financial Institutions	277,929,635	277,929,635	-
Listed equities investment	86,177,397	-	86,177,397
Unlisted equities investment	42,264,978	-	42,264,978
Investment in Mutual Funds	22,003,946	-	22,003,946
Government Securities	2,886,131,176	2,886,131,176	-
Corporate bonds	20,456,882	20,456,882	-
Finance lease receivables	21,461,299	-	21,461,299
Contribution and penalty receivables	507,349,891	507,349,891	-
Other receivables*	114,021,494	-	114,021,494
Long term loans	1,093,119,258	-	1,093,119,258
Total	5,167,274,923	3,788,226,550	1,379,048,373
<u>Liabilities</u>			
Members' claims payable	27,229,765	-	27,229,765
Lease liabilities	1,872,327	-	1,872,327
Other payables	232,185,875	-	232,185,875
Deposits for customers	2,672,797	-	2,672,797
Funds for TTCL pensioners	115,612	-	115,612
Deposit Administration Scheme	9,823,022	-	9,823,022
Total	273,899,398	-	273,899,398
Net interest sensitivity gap	4,893,375,525	3,788,226,550	1,105,148,975

*The value of other receivables does not include advance to members, advance to contractors and prepayments amounting to TZS 2.02 billion.

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk management (Continued)

(i) Interest rate risk management (Continued)

<u>30 June 2022</u>	<u>Carrying amount</u>	<u>Interest bearing</u>	<u>Non-interest bearing</u>
	TZS '000	TZS '000	TZS '000
<u>Assets</u>			
Cash and Cash equivalent	156,645,480	-	156,645,480.00
Deposits with banks and financial institutions	223,578,323	223,578,323	-
Listed equities investment	79,859,867	-	79,859,867
Unlisted equities investment	10,778,261	-	10,778,261
Mutual funds investment	15,114,966	-	15,114,966
Government Securities	2,566,907,215	2,566,907,215	-
Corporate bonds	10,332,985	10,332,985	-
Finance lease receivables	25,704,808	-	25,704,808
Contribution and penalty receivables	210,727,961	-	210,727,961
Other receivables*	261,699,689	-	261,699,689
Long term loans	844,800,803	844,800,803	-
Total	4,406,150,358	3,645,619,326	760,531,032
<u>Liabilities</u>			
Members' claims payable	17,590,897	-	17,590,897
Lease liabilities	1,653,109	-	1,653,109
Other payables	61,747,243	-	61,747,243
Deposits for customers	1,109,176	-	1,109,176
Funds for TTCL pensioners	12,304,858	-	12,304,858
Deposit Administration Scheme	10,886,407	-	10,886,407
Total	105,291,690	-	105,291,690
Net interest sensitivity gap	4,300,858,668	3,645,619,326	655,239,342

*The value of other receivables does not include advance to members, advance to contractors, prepayments and VAT receivables amounting to TZS 1.60 billion.

(ii) Currency risk management

The currency risk is the risk arising from changes in the value of foreign currencies. The Fund generates foreign currency from rental income which is invoiced in USD to preserve the value and return of its investment properties due to persistent depreciation of Tanzanian shillings against major currencies. The funds collected in foreign denominated currencies are maintained in investments denominated in foreign currencies to hedge against continuous weakening of Shilling as well as building a pool of foreign currency resources for off shore investment once the capital account is liberalized.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

- (c) Market risk management (Continued)
(ii) Currency risk management (Continued)

Foreign denominated monetary assets

	30 June 2023		30 June 2022	
	TZS'000	USD Exchange rate 2,327.52	TZS'000	USD Exchange rate 2,304.20
Assets				
Long term loans	73,684,816	31,658,081	72,946,550	31,658,081
Deposits with banks and financial institution	33,975,461	14,597,280	46,812,182	20,316,024
Rent receivable	530,013	227,716	524,703	227,716
Cash and cash equivalents	6,649,667	2,856,975	109,279	47,426
Unlisted equities investment	25,781,474	11,076,800	-	-
Foreign denominated monetary asset	140,621,431	60,416,852	120,392,714	52,249,247

The Fund held foreign denominated net monetary assets worth USD 60.42 million (2021/22: USD 52.24 million), which are stated in the financial statements at exchange rates of TZS 2,327.52/USD (2021/22: TZS 2,304.20/USD). If Tanzania Shillings strengthened or weakened by 5% the reported gain or loss on foreign exchange would be higher or lower by TZS 7.03 billion (2021/22: TZS 6.02 billion).

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

56. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk management (Continued)

(ii) Currency risk management (Continued)

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Net foreign denominated monetary asset	140,621,432	120,392,714
TZS strengthen by 5%	147,652,504	126,412,350
Loss	(7,031,072)	(6,019,636)
Net foreign denominated monetary asset	140,621,432	120,392,714
TZS weakened by 5%	133,590,360	111,373,078
Gain	7,031,072	6,019,636

(iii) Price risk management

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

To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. The Fund has invested in government securities, listed equities from companies in different sectors of the economy, and corporate bonds. Diversification of the portfolio is done in accordance with the Investment Policy of the Fund. All quoted shares held by the Fund are traded on the Dar es Salaam Stock Exchange (DSE).

If the price of securities/units (other than those arising from interest rate risk or currency risk) were to appreciate/depreciate by 5% the effect on return on investment would be:

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Government securities	2,886,131,176	2,566,907,215
Corporate bonds	20,456,882	10,332,985
Listed equities	86,177,397	79,859,867
	2,992,765,455	2,657,100,067
Price appreciates by 5%	3,142,403,727	2,789,955,070
Gain	149,638,272	132,855,003
Government securities	2,886,131,176	2,566,907,215
Corporate bonds	20,456,882	10,332,985
Listed equities	86,177,397	79,859,867
	2,992,765,455	2,657,100,067
Price depreciates by 5%	2,843,127,183	2,524,245,064
Loss	(149,638,272)	(132,855,003)

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

57. ACTUARIAL VALUATION

Actuarial valuation is periodically done after every three years. NSSF is funded on a partially funded basis and the contributions received should be adequate to pay for the expenditure each year as well as to build up a reserve.

The latest valuation as at 30 June 2020 was carried out by Muhanna & Co Actuaries & Consultants who are the registered professional actuaries with offices in Cyprus, Lebanon and Tanzania.

Valuation Method

The actuarial method employed in carrying out valuation is the open group approach. This method takes into consideration: (a) all current beneficiaries and contributors to the social security retirement schemes (b) future beneficiaries and contributors to the social security retirement schemes.

Social security retirement scheme measurements under an open group approach take into account future contributions from, and associated benefits to, both groups (a) and (b). This approach can be used to determine whether a social security retirement scheme's current reserve in combination with future contributions (which together comprise the scheme's assets) is expected to be sufficient to pay for all future benefit expenditures (the scheme's obligations).

Thus, unlike closed group approaches that are often used to develop single point in time measures like the net pension obligation (actuarial deficit or surplus), the open group approach enables relevant measurements that support long-term sustainability assessments of on-going social security retirement schemes.

Valuation Results

The results from the actuarial valuation indicated that the reserves of the Fund are expected to remain positive until year 2061. In year 2046, total expenditure is expected to exceed total income.

The Reserve Ratio (ratio of the assets at the end of the year to total expenditure during the year) is expected to increase from 7 years in the short-term to 10 years over the next 15 years.

The General Average Premium (GAP) is equal to 23.2% of salaries. This is the contribution rate required to fund the expected benefits and other expenses. The split between long and short-term benefits is as follows:

- GAP rate for long-term benefits = 13.2% of salaries, net of any expenses
- GAP rate for short-term benefits = 6.8% of salaries, net of any expenses (6.0% is the GAP rate for the unemployment benefit)
- GAP rate for expenses other than benefits = 3.2% of salaries

The Actuary has also determined funding ratio of current assets to be 29.5% and funding ratio of current assets and future income to be 87.7%.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

57. ACTUARIAL VALUATION (CONTINUED)

Main assumptions

The main financial assumptions used in the actuarial valuation were as follows;

- Investment return of 6% per annum gradually reducing to 5% in the next ten years,
- Inflation rate of 3.5% over the projection period,
- General salary increases of 4% per annum (inflation + general increases) plus 0.5%-2.0% for merit/promotion salary increases
- Real GDP growth of 4.5% per year in the long-term
- Pensions in payment will be adjusted yearly at a rate equal to 50% of the inflation rate assumption
- Administration expenses will be equal to 12% of contribution income reducing gradually to 10% over the next 10 years
- Other expenses (impairments and taxes) are assumed to be 8% of the contribution income.

Demographic Assumptions

The main demographic assumptions used in the actuarial valuation were as follows:

Key Assumptions	
Tanzania Population growth	According to the United Nation projections as the national bureau of Statistics (NBS), the population of Tanzania is growing by approximately 3%. Over the next 25 years, the population is expected to double. The growth rate is then reducing to 2.5% per year and to 2% over the longer term (2060+). The expected population growths as well as the expected changes in age structures are taken into account when setting the assumption for the growth of the population insured under the NSSF.
Labour Forces and Employment	The expected growth of the NSSF membership is depended on the labour force and employed population of Tanzania. Assumption is therefore needed for the labour force participation (85%) as well as the proportion working in the formal sector of employment (12%). These assumptions provide the formal sector employed population and therefore that NSSF coverage rates. It is assumed that the current NSSF coverage rate (formal sector) of 16% will increase to 21% in year 2035. Similarly, the coverage rate of the formal private sector will increase from 21% to 31%.
Fertility Rates	The current fertility rate is 5 children per woman. This is assumed to drop to 3 children per woman over the next 40 years. Age-related fertility rates are assumed and presented in Appendix D.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

57. ACTUARIAL VALUATION (CONTINUED)

Demographic Assumptions (Continued)

Key Assumptions																						
Mortality Rates (Actives Members and Pensioners)	<p>The mortality rates used for the valuation are based on the mortality data of the World Health Organization (WHO). Given these rates, along with statistics for the life expectancy in Tanzania and considering the group of members covered by NSSF, we have adjusted the WHO rates to reflect the scheme mortality experience. The life expectancies at birth and at age 60 derived from the mortality rates assumed are as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Life Expectancy</th> <th>Males</th> <th>Females</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td></td> <td></td> </tr> <tr> <td>▪ At birth</td> <td>65.0</td> <td>68.0</td> </tr> <tr> <td>▪ At age 60</td> <td>17.0 (age 77.0)</td> <td>19.0 (age 79.0)</td> </tr> <tr> <td>2060+</td> <td></td> <td></td> </tr> <tr> <td>▪ At birth</td> <td>71.0</td> <td>74.0</td> </tr> <tr> <td>▪ At age 60</td> <td>20.0 (age 80.0)</td> <td>22.0 (age 82.0)</td> </tr> </tbody> </table>	Life Expectancy	Males	Females	2020			▪ At birth	65.0	68.0	▪ At age 60	17.0 (age 77.0)	19.0 (age 79.0)	2060+			▪ At birth	71.0	74.0	▪ At age 60	20.0 (age 80.0)	22.0 (age 82.0)
Life Expectancy	Males	Females																				
2020																						
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2060+																						
▪ At birth	71.0	74.0																				
▪ At age 60	20.0 (age 80.0)	22.0 (age 82.0)																				
Proportions Married	80% of the members are assumed to be married and therefore a benefit to be transferred to the widow/er upon death.																					
Age differences	<p>Spouse: Assumed that the age differences between members and widows is 9 years, where the male is older. This is assumed to drop to 5 over the next 20 years. For the case of widowers, the age difference is 4.</p> <p>Children: the average age difference between children and parents is assumed to be 48 years.</p>																					
Growth Rates of Active Members	<p>Males: initial growth rate of 10% per year reducing to 4.0% over the next 10 years (2020-2030). The growth rate is then assumed to gradually reduce to 2.0% (2030-2040). In the longer term the growth rate is assumed to be 0.5% per year.</p> <p>Females: initial growth rates of 5.0% per year reducing to 4.0% over the next 10 years (2020-2030). The growth rate is then assumed to gradually reduced to 2.0% (2030-2040) and to 1.0 (2040-2060). In the longer-term the growth rate is assumed to be 0.5% per year.</p>																					
Retirement Rates	<p>Age-related retirement rates are applied for old age retirement. The rates are presented in Appendix D.</p> <p>The analysis of the data showed that the average retirement age of all pensioners who are currently receiving an old age pension equal to 61 for males and 60 for females. Considering only those pensioners who retired within year 2020, the average retirement age was equal to 59. Age-related rates are used for those members who reach the retirement age and are not eligible for a pension.</p>																					

NATIONAL SOCIAL SECURITY FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

57. ACTUARIAL VALUATION (CONTINUED)

Demographic Assumptions (Continued)

Age Gender Distribution of New Entrants	The new active members joining the NSSF follow the distribution of those NSSF members who joined over the last 5 years. We have also considered the joining pattern of all members, irrespective of the year of joining. The pattern was similar and members are assumed to join at the age of 30. Age-related rates are used (Appendix D).
Invalidity Rates	Invalidity Rates: age related rates are used which are depended on mortality rates (2% of mortality assumption for male and 1% for females).

58. COMMITMENTS

Capital expenditure contracted for at the period end but not recognised in the financial statements are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	TZS'000	TZS'000
Uncompleted Work in Progress - ongoing projects ¹	130,449,069	146,694,820
Loans and receivables approved not disbursed ²	13,656,165	13,656,165
	<u>144,105,234</u>	<u>160,350,985</u>

The capital commitments represent capital expenditures which had been approved and contracted for but not yet expended. All capital expenditures incurred up to the reporting date have been provided for.

¹Long term commitment for ongoing projects not yet finalized are as detailed below:

Mzizima Tower	63,189,189	51,748,292
Mwanza Tourist hotel	30,240,475	4,195,748
Serviced plots - Kiluvya	445,676	851,630
Affordable housing scheme phase III-Mtoni Kijichi	20,136,371	52,937,904
Dungu farm and Toangoma satellite town	16,437,358	36,961,246
	<u>130,449,069</u>	<u>146,694,820</u>

²Long term commitment for Loans and receivables not disbursed are as detailed below:

13.80%5% Ministry of Home Affairs (MIDA) Loan	13,000,000	13,000,000
Felisa Company Ltd Loan	500,000	500,000
Government Houses Loan	156,165	156,165
	<u>13,656,165</u>	<u>13,656,165</u>

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

58. COMMITMENTS (CONTINUED)

AFFORDABLE HOUSING SCHEME PHASE III-MTONI KIJICHI

The project relates to construction of 720 units of residential apartments and 100 units of maisonettes with all associated services (water supply, waste water and anaerobic digesters). The project involves a contract sum of TZS 156.53 billion and up to 30 June 2023, TZS 103.59 billion was paid (2021/22: 102.11 billion). Lot 1-10 is 86% complete, Lot 11-16 is 68% complete and Lot 17-20 is 22% complete.

MZIZIMA TOWER

The project is divided into three lots. Lot 1: Foundation work, Lot 2: Residential tower of 30 storeys and Lot 3: commercial tower of 32 storeys. The project was expected to be completed in 2017. The delay was mainly due to the contractual arrangements between the main contractor and subcontractor regarding the specification of the curtain walling but also the delay in obtaining the building permit of extending the floors from 15 to 33. Currently, the project is still ongoing for residential and commercial towers. The contract sum for the project is TZS 243.37 billion which include consultant cost. The amount paid up to 30 June 2023 for both lots is TZS 191.62 billion (2021/22: 124.55 billion). The project is 90% complete.

MWANZA TOURIST HOTEL

The project involves construction of a five-star hotel of 168 rooms of various types including one presidential suite. Other facilities accommodated in the hotel include a conference hall with a capacity to accommodate 500 people. The construction commenced in November 2013 and was expected to be completed in October 2016, revised to 31 December 2022. The delay was mainly due to unavailability of hotel operator. Contract sum is TZS 85.64 billion and amount paid up to 30 June 2023 is TZS 56.51 billion (2021/22: 49.95 billion). The project is 75% complete as of 30 June 2023.

DUNGU FARM AND TOANGOMA SATELLITE TOWN

The Project involves the construction of commercial and residential houses at Dungu and Toangoma 10 lots for lower classes and 6 lots for class 1. It involves the construction of semi-detached houses type 1, market building with two levels and health facilities. Contract Sum is TZS 145.42 billion and amount paid up to 30 June 2023 is TZS 112.09 billion (2021/22 TZS 108.06 billion). The stage of completions for both locations are 87% and 85% for satellite village at Dungu and at Toangoma respectively.

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

58. COMMITMENTS (CONTINUED)

SERVICED PLOTS KILUVYA

NSSF's Serviced Plots Project at Kiluvya Hills are set on an area of 90.5 Hectares which accommodates 444 plots of various sizes and uses. The project is located about 25 km from Dar es Salaam CBD and 1.8 km from Morogoro Road. The plots are to be provided with water supply service. Contract sum is TZS 3.03 billion. Amount paid up to 30 June 2023 is TZS 2.18 billion (2021/22 TZS 1,124 billion). The project is 70% complete.

EXTENSION ROAD (1.2 KM) CONNECTING THE FERRY - KIBADA ROAD

The construction of road, 1.2-kilometre extension road from Mwalimu Nyerere Bridge to Ferry, Kibada road measuring about 2 kilometres has been completed 100%. Currently, the project is on defects liability period of 2 years. Contract sum is TZS 21.39 billion. Up to 30 June 2023, TZS 21.39 billion has been paid to the contractor.

Lease Commitments - Fund as Lessor

The Fund has various operating leases for property rented out to various tenants. The total of future lease commitment under non-cancellable operating leases is as follows:

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Not later than 1 year	1,475,107	1,341,006
Later than 1 year but less than 5 years	8,332,496	7,860,845
More than 5 years	28,078,154	26,998,225
	<u>37,885,757</u>	<u>36,200,076</u>

59. CONTINGENT LIABILITIES

Legal cases

The Fund is a defendant in three (3) legal lawsuits other than tax related lawsuits in which as at 30 June 2023, the total amount of claim is TZS 1.83 billion (2021/22: seventeen (15) legal lawsuits with the total amount of claim is TZS 13.36 billion). The main suits are in relation to the disputes emanating from tenancy agreements and pensions and other obligations. In all suits, the Fund vigorously denies that it was at fault and is defending itself against any action.

Legal advice received from lawyers supports the Trustees' belief that the claims are frivolous and without merit and the likelihood for them to crystallize into liabilities is remote. Accordingly, no provision for any liability has been made in these financial statements (30 June 2022: Nil).

NATIONAL SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

59. CONTINGENT LIABILITIES (CONTINUED)

Tax cases

There are pending tax appeal cases under the mediation of the Solicitor General in which the Fund is contesting depreciation allowances on investment properties for the years 2014/15 to 2021/22.

As at 30 June 2023, the amount of tax in dispute and which depends on the outcome of the mediation is TZS 103.44 billion (2021/22: TZS 96.67 billion). The Fund will be liable for payment of this sum in the event the mediation result turns out to be in favour of the Tanzania Revenue Authority.

No provision has been made in the financial statements because in the opinion of the Trustees, based on legal advice, the likelihood of its crystallization into a liability is remote.

60. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

61. EVENTS AFTER REPORTING DATE

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorised for issue that have not been disclosed in the financial statements.