



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



WORKERS COMPENSATION FUND (WCF)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

Controller and Auditor General,
National Audit Office,
Ukaguzi House,
Mahakama Road,
P.O. Box 950,
41104 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200-9,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

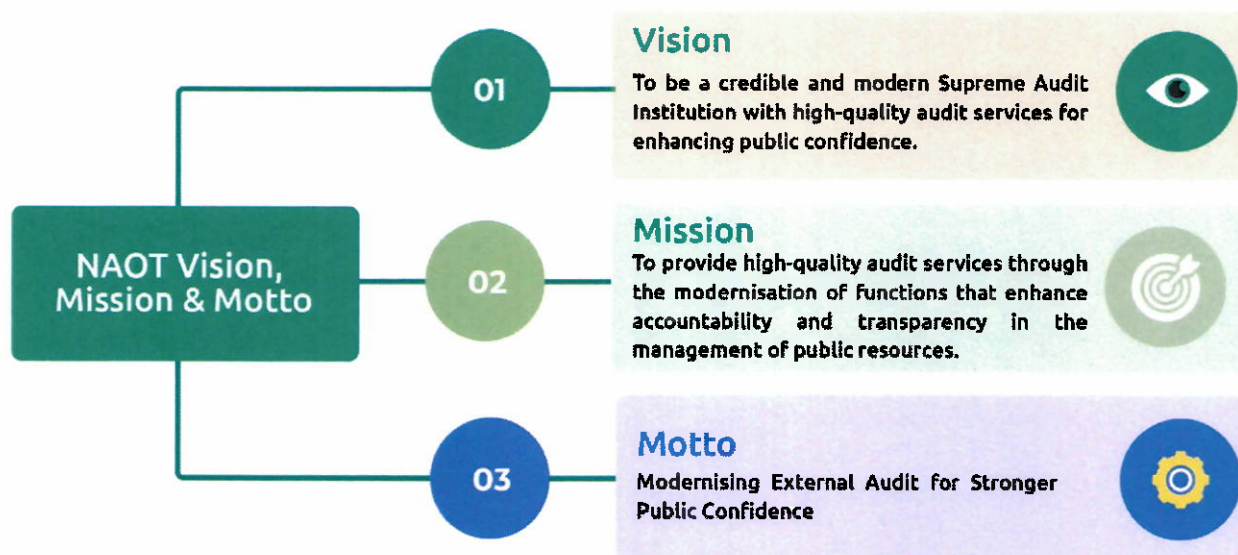
March 2025

AR/PA/WCF/2023/24

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 United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.



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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ABBREVIATION

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

WCF CORPORATE INFORMATION

AUDITORS

The Controller and Auditor General,

Mahakama Road,
P.O. Box 950,
41104 Tambukareli,
Dodoma.

PRINCIPAL BANKERS

Bank of Tanzania,
2 Mirambo Street,
11884 Dar es Salaam.

CRDB Bank Plc,
Holland House Branch,
Samora Avenue/Ohio Street,
P.O. Box 71960,
Dar es Salaam.

NMB Bank Plc,
Bank House,
Samora Avenue/Pamba Road,
P.O. Box 9213,
Dar es Salaam.

REGISTERED OFFICE OF THE FUND

PSSSF Kambarage Tower,
1 Kambarage Street,
P. O. Box 329,
Tambukareli,
41104 Dodoma.

PARENT MINISTRY

Prime Minister's Office,
Labour, Youth, Employment and Person with Disability,
Government City, Mtumba,
P.O. Box 2890,
Dodoma.

ATTORNEY GENERAL OFFICE

The Office of Attorney General of Tanzania,
P.O. Box 630,
Dodoma.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Workers Compensation Fund, which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows, and notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Workers Compensation Fund as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Board of Trustee’s Report and Declaration by the Head of Finance but does not include the



financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

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

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

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

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

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


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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- 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 of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 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 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on procurement of works, goods and services in the Workers Compensation Fund for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

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

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 Workers Compensation Fund for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that budget formulation and execution of Workers Compensation Fund is generally 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.
March 2025



WORKERS COMPENSATION FUND

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

2.1 INTRODUCTION

The Board of Trustees is pleased to present their report together with the draft financial statements of Workers Compensation Fund (the Fund) for the period ended 30 June 2024 which disclose the state of affairs of the Fund, in accordance with Section 85 of the Workers Compensation Act [Cap. 263].

2.2 ESTABLISHMENT OF THE FUND

Workers Compensation Fund (WCF) is a social security scheme established under the Workers Compensation Act [Cap 263]. The Fund is responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. In case of death of workers, the Fund is responsible for compensating dependants as per set criteria. The scheme is operated under social security and insurance principles. All employers and employees in the public and private sectors in Mainland Tanzania are covered and hence are required by Law to contribute to the Fund.

2.3 FUND'S VISION

A Role Model for Workers Compensation Services in Africa.

2.4 FUND'S MISSION

To Provide Reliable & Efficient Workers Compensation Services that Mitigate Socio-Economic Impact of Occupational Injuries.

2.5 FUND'S CORE VALUES

Core Values	Description
Integrity	We will always be ethical and trustworthy, maintaining good governance practices and being transparent in providing information that our stakeholders are entitled to.
Collaboration	We believe in collaboration to harness multiple skills, talents and experiences to accomplish key objectives and promote cooperative behaviour among staff and stakeholders.
Accountability	We take responsibility and ownership of all that we do at corporate and individual employee levels and respond appropriately to stakeholder's concerns.
Excellence	We create requisite structures, employ appropriate management styles and invest heavily in training and development of our staff to enable them to attain desired levels of professionalism necessary for achieving excellence in their jobs.
Empathy	We will treat all our customers with compassion while maintaining high moral standards and professionalism.

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2.6 OBJECTIVES AND FUNCTIONS OF THE FUND

2.6.1 The Objectives of the Fund

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

2.6.2 Functions of the Fund

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

2.6.3 Future prospects/developments

The Fund intends to achieve its objectives through;

- a) Human Capital Development.
- b) Prudent Investment.
- c) Growth in Contribution Collection.
- d) Investment in modern technology.
- e) Enhancement of Service Quality.

2.7 BENEFITS OFFERED BY THE FUND

Benefits offered by the Fund are:

2.7.1 Medical aid

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

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2.7.2 Temporary Disablement

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

2.7.3 Permanent Disablement

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

2.7.4 Funeral Grants

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

2.7.5 Constant Attendant Care Grant

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

2.7.6 Dependants Benefit

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

2.7.7 Rehabilitation Services

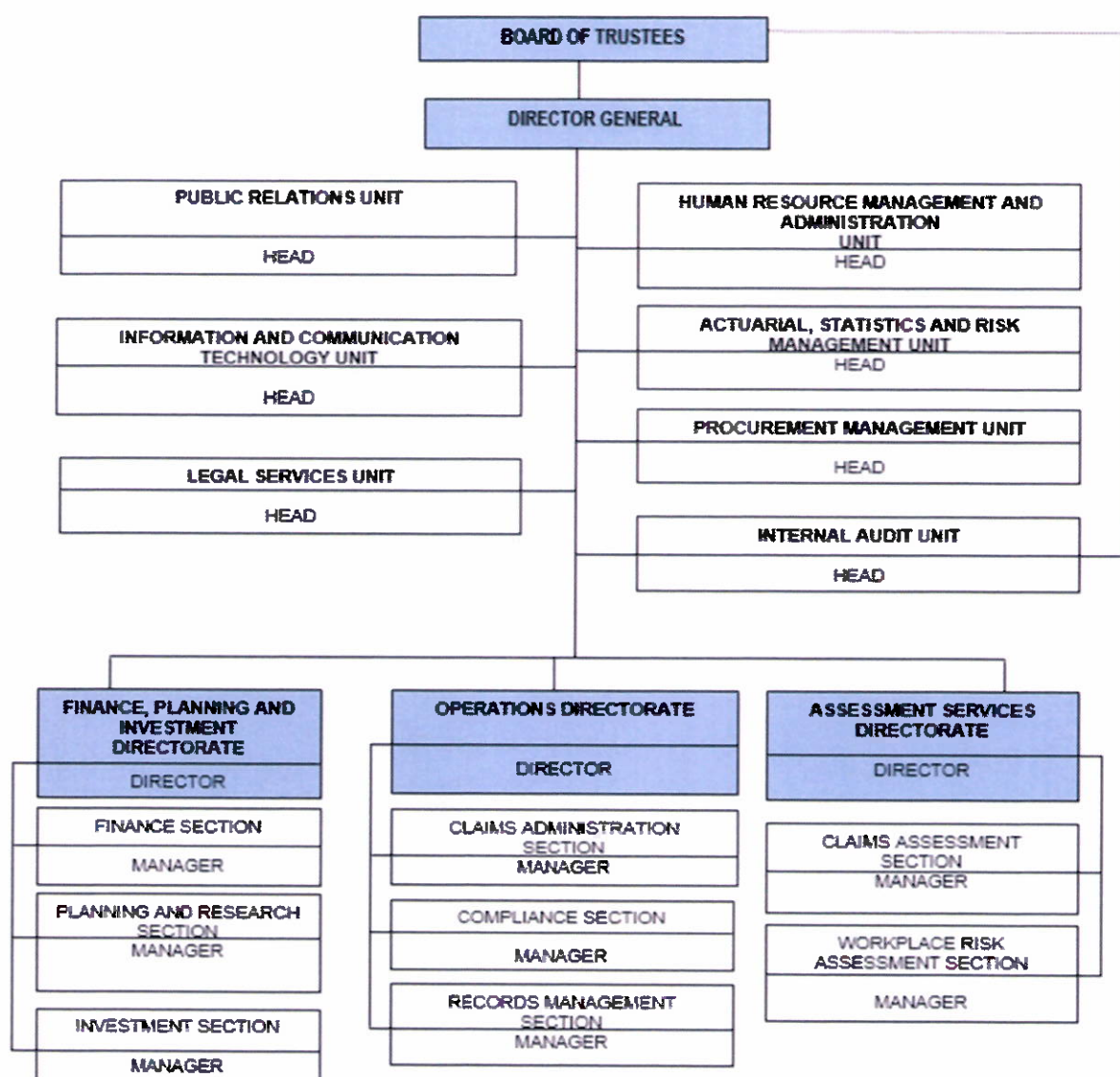
These are services provided to employees who sustain injuries as a result of occupational accidents or diseases with the purpose of restoring their health. The services will be provided to employees to assist them recover and return to work or participate in other economic activities that will earn them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

2.8 THE ORGANISATION STRUCTURE OF THE FUND

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

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Figure 1: Organisation Structure



2.9 OPERATING STRUCTURE

The Fund provides wide range of benefits which suit the needs of its customers through its committed staff and zonal network located in Kinondoni, Temeke, Morogoro, Arusha, Mtwara, Mwanza, Dodoma, Mbeya, Geita and Tabora. We are transforming our digital presence, providing simpler, seamless interactions through self-services digital platforms including employer's registration and verification, GePG contribution payments, occupational incidents notification and claim review application and follow up.

2.10 OPERATING ENVIRONMENT

Tanzania has experienced steady economic growth over the past decade, with GDP growth rates averaging around 5.4% in the second quarters of 2024. The growth is primarily driven by sectors like agriculture, mining, quarrying, construction, and financial intermediation. Tourism, which cuts across many activities, also contributed the most. The medium to long-term outlook for the country remains positive, with the potential for continued economic growth, especially if the government can successfully address structural challenges, improve the business environment, and continue investing in key sectors. The country has a stable political environment which is a key factor in maintaining investor confidence. The Bank of Tanzania has maintained a stable monetary policy, focusing on controlling inflation and stabilizing the exchange rate. Inflation has been relatively low, averaging around 3% to 4%. Fiscal policy has been expansionary, with increased government spending on infrastructure, health, and education. The government is also working to improve tax collection and reduce dependency on donor funding. The government is investing heavily in infrastructure, including roads, railways, ports, and energy projects such as Julius Nyerere Hydropower. The construction of the Standard Gauge Railway (SGR) and the expansion of the Dar es Salaam port are significant projects aimed at boosting trade and connectivity. The improvement of Tanzania's economic environment has contributed to the growth and sustainability of the Fund through the increase in number of contributing employers and employees, directly increasing the fund's revenue through contributions. A stable and favourable economic environment supports higher returns on the Fund's investments.

2.11 CORPORATE GOVERNANCE

The Board is committed to the principles of good corporate governance and complies with the legal, regulatory and relevant codes of ethics. The Board is pleased to report that throughout the financial year ended 30 June 2024 and at the date of this report, the Fund applied the principles of, and was compliant with the requirements of, good corporate governance. In compiling this report, the Trustees have referred to the legal and regulatory requirements, code of ethics and conduct for the public service as well as the requirements of best practices in good corporate governance.

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

2.11.1 Board of Trustees

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

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2.11.2 The Role of the Board

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

2.11.3 Board Composition

The Trustees of the Fund were appointed on 10 September 2021 with an exception of chairman who was appointed on 26 August 2021. Before their appointment, the Fund did not have the Board of Trustees. The current Board tenure expired on 10 September 2024.

S/N	Name	Position	Age	Qualification /Discipline	Date of Appointment	Nationality
1	Mr. Emanuel B. Humba	Chairperson	74	Public Administrator	26 Aug 2021	Tanzanian
2	Ms. Rifai A. Mkumba	Trustee	63	Human Resources	10 Sept 2021	Tanzanian
3	Mr. Felix R. Kagisa	Trustee	68	Civil Engineer	10 Sept 2021	Tanzanian
4	Mr. Onorius J. Njole	Trustee	49	Lawyer	10 Sept 2021	Tanzanian
5	Mr. Perfect R. Kilenza	Trustee	56	Accountant	10 Sept 2021	Tanzanian
6	Mr. Ibrahim B. Mahumi	Trustee	49	Public Administrator	10 Sept 2021	Tanzanian
7	Mr. Abdulaziz A. Shambe	Trustee	47	Coach and Trainer	10 Sept 2021	Tanzanian
8	Ms. Juliana C. N. Mpanduji	Trustee	60	Teacher	10 Sept 2021	Tanzanian
9	Ms. Rehema R. Ludanga	Trustee	42	Social Worker	10 Sept 2021	Tanzanian
10	Mr. Raymond Kaseko	Trustee	40	Public Administrator	10 Sept 2021	Tanzanian
11	Dr. John K. Mduma	Secretary	54	Economist	29 May 2021	Tanzanian

2.11.4 Board Meetings

The Board of Trustees has in place a calendar which sets out its activities in a financial year. The Board meets at least four times a year, and, when necessary, to consider all matters relating to the Fund's performance, risk management, governance and implementation of Strategic Plan. Also, the Board Committees meet at least four times a year each, and when necessary. The Chairperson together with Secretary prepares the calendar and agenda for each meeting. The notice, agenda and detailed Board papers are circulated in advance of the

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meetings within agreed time. Those charged with governance are allowed to request additional information to support their decision making when necessary.

During the financial year ended 30 June 2024, there were a total of five (5) Board of Trustees meetings and fourteen (14) Board committee meetings that were held. The meetings were necessitated by the need to review Fund's policies and regulations. Details of the Trustees' attendance at all of the Board and committee meetings held in the year are set out as follows:

S/N	Member	Board meetings	Operations committee	Finance and Investment Committee	Audit and Risk Management Committee
1	Mr. Emanuel B. Humba	5			
2	Ms. Rifai A. Mkumba	5		4	
3	Mr. Felix K. Rugarabamu	5	3	4	
4	Mr. Onorius J. Njole	3	3		4
5	Mr. Perfect R. Kilenza	4			6
6	Mr. Ibrahim B. Mahumi	3	4	3	
7	Mr. Abdulaziz A. Shambe	5	5		6
8	Ms. Juliana C.N. Mpanduji	5	4	4	
9	Ms. Rehema R. Ludanga	4	4		5
10	Mr. Raymond Kaseko	5		3	4
11	Dr. John K. Mduma	5	3	2	
12	Mr. Abraham P. Siyovelwa				6

2.11.5 Board committees

According to the Board Charter, the Board of Trustees has three Board committees. Board committee of the Fund are as follows:

a) Operations Committee

The Operation Committee is the oversight of operational and staff matters, improvement of service delivery and overseeing reforms in the social security sector and their implication to the operation of the Fund. The Committee reports to Board of Trustees and met five (5) times during the period under review.

During the year, the committee reviewed policies, practices and procedures used by the Fund, and advised the Board to register employers, to collect contributions, to pay benefits, to improve service delivery and how the Fund should interact with the Society in general.

b) Finance and Investment Committee

The purpose of the Finance and Investment Committee is to scrutinise, review and provide oversight on all major finance and investment activity of the Fund and provide guidance and recommendations to the Board on these and related matters. The Committee reports to Board of Trustees and met four (4) times during the period under review.

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The Finance and Investment committee reviewed and made recommendations to the Board on asset management, investments proposals, performance, policies and strategies. The committee also reviewed the Fund's Annual Plan and Budget for the year 2024/25, which thereafter was approved by Board of Trustees.

c) Audit and Risk Management Committee

The purpose of the Audit and Risk Management committee is to assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, risk management and the Fund's process for monitoring compliance with laws and regulations. The Audit Committee reports to Board of Trustees and met six (6) times during the period under review.

During the period under review, the Committee received reports from management 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 unit and terms of external audit engagement and reports from external auditors on accounting and internal controls.

The Committee also reviewed risk management functions in the Fund through risk management reports which were submitted by Management and recommended for actions to be taken by the Board of Trustees.

2.11.6 Committee composition

S/N	Details	Operations committee	Finance and Investment committee	Audit and Risk Management committee
1	Ms. Rifai A. Mkumba	-	Member	-
2	Mr. Felix R. Kagisa	Member	Member	-
3	Mr. Onorius J. Njole	Member	-	Member
4	Mr. Perfect R. Kilenza	-	-	Chairperson
5	Mr. Ibrahim B. Mahumi	Member	Chairperson	-
6	Mr. Abdulaziz A. Shambe	Member	-	Member
7	Ms. Juliana C.N. Mpanduji	Chairperson	Member	-
8	Ms. Rehema R. Ludanga	Member	-	Member
9	Mr. Raymond Kaseko	-	Member	Member
10	Dr. John K. Mduma	Secretary	Secretary	-
11	Mr. Abraham P. Siyovelwa	-	-	Secretary

2.11.7 Trustee remuneration

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

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Remuneration	2024	2023
	TZS '000	TZS '000
Trustees' fees		
Chairperson (1)	12,000	12,000
Other trustees (9)	90,000	90,000
Total	102,000	102,000

2.11.8 Management Team

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

2.11.9 Management Structure

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

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

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

- (i) Public Relations Unit;
- (ii) Information and Communication Technology Unit;
- (iii) Legal Services Unit;
- (iv) Human Resource Management and Administration Unit;
- (v) Actuarial Services, Statistics and Risk Management Unit;
- (vi) Procurement Management Unit; and
- (vii) Internal Audit Unit.

2.11.10 Key Management Personnel

The key management personnel during the year ended 30 June 2024 and up to the date of this report were:

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

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2.12 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

2.12.1 Risk management policy and strategy

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

a) Risk management enablers

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

b) Risk management

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

The most important category of risks and their management includes:

(i) Regulatory Risk Management

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

WORKERS COMPENSATION FUND

(ii) Solvency Risk Management

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

(iii) Credit Risk Management

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

(iv) Liquidity Risk Management

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

(v) Market Risk Management

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

(vi) Reputational Risk Management

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

WORKERS COMPENSATION FUND

2.13 OVERVIEW OF THE FUND'S PERFORMANCE

2.13.1 Registration of Employers

During the year ended 30 June 2024, the Fund registered 4,136 employers in Mainland Tanzania (2023: 3,074 employers), making the total registered members to be 34,996 as at 30 June 2024. Fund's awareness and education programs, conducting payroll inspection, and taking legal action against non-compliant employers, attributed this achievement.

2.13.2 Benefit Expenses

During the year under review, a total of TZS 26.78 billion (2023: TZS 23.58 billion) was incurred to cover for compensation expenses for occupational injuries and deaths to employees. The Fund has continued to increase awareness among beneficiaries and employers regarding claim procedures and will invest in increasing efficiency in claims processing.

2.13.3 Contributions

During the year under review, the Fund recorded contributions amounting to TZS 91.68 billion (2023: TZS 86.48 billion) from both private and public sectors employers. During the financial year ended 30th June 2024, the contribution rates were 0.50% for both public and private sectors. All contributions are based on monthly wage bill.

2.13.4 Investment Income and Management Expenses

The Fund managed to invest the amounts, which were the excess of all collections after deducting benefit as well as administrative expenses. During the year under review TZS 87.88 billion (2023: TZS 102.43 billion) revenue was generated from investments. The high investment income during the year 2023 was primarily due to a strategic shift in our investment approach in treasury bonds trading. Unlike in previous year where the business was favourable based on our analysis, the Fund in this financial year under review did not engage much in bond trading resulting into the decline in investment income.

Investment management expenses increased from TZS 446.40 million reported in 2022/23 to TZS 519.78 million. The increase was attributed by initial general expenses related to construction of Fidia House.

2.13.5 Administrative Expenses

Administrative expenses during the year amounted to TZS 35.26 billion (2023: TZS 30.88 billion). The main expenses were staff cost, compliance and registration, advertising and promotion, stakeholder's education and public awareness. During the year under review, the Fund invested heavily in stakeholder's education and public awareness initiatives which leads to increase in administrative costs. The increase in administrative expenses was also attributed by the increase in volume of Fund's activities and the higher average market prices for the goods and services.

WORKERS COMPENSATION FUND

2.13.6 Promoting Prevention of Occupational Accident and Diseases

During the year under review, the Fund managed to conduct investigation of 31 major notified occupational accidents. This activity identified risk factors and practices that led to accidents and diseases, so as to prevent future recurrences of similar or severe incidents. In addition, the Fund provided awareness on basic occupational health and safety and workers compensation matters to a total of 1,566 employees from identified high risk employers and to 151 identified high risk employers.

2.13.7 Educational and Awareness Campaigns

During the year under review, the Fund conducted awareness campaigns through a variety of media channels, including blogs, social media platforms, TV and radio stations. The Fund also conduct education and awareness seminars to key stakeholders. Among the groups reached include; Government Institutions, Members of the Parliament, Local Government Authorities, Private Employers, Private Employees, Human Resource Officers, Police Force, Non-Governmental Organizations, Trade Unions, Workers Councils, Employers' Association members, Health Care Providers (HCP's) and forums of People with disability. The programs mainly focused on sensitising employers concerning benefit payments, registration, compliance and contribution remittance to the Fund.

2.13.8 Strengthening ICT System and Infrastructure

During the year under review, the automation of the Fund's business processes increased to 91.80%. This level of automation was attributed by development and operationalization of Audit Management Information System, Claims Review and Appeal System and various MAC enhancements. Human Resources Management and Administration, Procurement, Finance and Claims Administration and Assessment activities are all automated.

2.13.9 Recruitment of Employees and Training Matters

During the year under review, the 16 new employees joined the Fund (2023; 11 employees). This made the total number of employees to be 164, of which males were 93 and females were 71. Equally important, for enhancing performance, capabilities and eventually service delivery the Fund trained its employees on various subjects including good governance, fraud and forensic accounting, fundamental of social security, health insurance, ISSA and other Regulatory Guidelines, industrial first aid, Enterprise Risk Management and ICT security.

2.13.10 Financial Performance

During the year under review, the Net Assets of the Fund increased to TZS 683.13 billion (2023: TZS 602.77 billion).

WORKERS COMPENSATION FUND

2.13.11 Cash Flows Projection

Due to the nature of the Fund's operations most of the cash projections indicate that future cash flows will mostly be generated from operating, investing and financing activities and that the Fund will continue to be a going concern within the foreseeable future.

2.14 FUNDING POLICY

All employers are statutorily required to contribute to the Fund on behalf of their employees. Contributions are part of employers' cost and should not be deducted from salaries of employees. Contribution rates (tariffs) are determined periodically by the Fund depending on risk assessment of workplaces and other relevant factors. In the financial year 2023/24, contribution rates for each employer were 0.50% of employees' earnings (wage bill) for employers in the private sector as well as for employers in public sector.

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

2.15 ADMINISTRATIVE EFFICIENCY

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

2.16 CHALLENGES FOR THE YEAR ENDED

2.16.1 Inadequate utilization of ICT systems by employers

For the year under review, despite the Fund deploying WCF Online Notification System which helps employers to register and submit their benefit claims to the Fund without physically visiting Fund's offices, there are some employers who are not utilizing the facility for lack of knowledge and facilities. The Fund will continue to raise awareness to employers on the usage of the system.

2.16.2 Unrealistic expectations for employees who have contracted injuries

Most employees and employers are not aware of compensation benefits amounts, which are due to them when they get injuries or contract occupational diseases. They have high expectation on the amount they will get in which most of the case their expectations are not

WORKERS COMPENSATION FUND

met. The Fund continues to sensitize the public to increase awareness amongst workers with regard to compensation from work-related injuries and diseases.

2.16.3 Non-disclosure of occupational incidents by employers

There are a number of employers (especially those who are non-compliant with Workers Compensation Act) who are not reporting occupational incidents to the Fund out of fear that they will be penalized or prosecuted. This results to employees losing their rights of compensation. The Fund will continue to raise awareness to employers of their statutory obligations to report to the Fund all occupational incidents.

2.17 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprised the Trustees and key management personnel. Treasury Registrar determines Trustees' remuneration, and the Permanent Secretary (Establishment) determines key management remuneration. The details of transactions and balances with related parties have been disclosed in Note 43 to the financial statements.

2.18 POLITICAL AND CHARITABLE DONATIONS

The Fund did not make any political donations during the year. Charity donations made during the period amounted to TZS 588.57 million (2023: TZS 426.19 million).

2.19 ENVIRONMENT CONTROL PROGRAMME

In supporting the conservation and environmental protection efforts, the Fund ensures that, the activities it undertakes, and finances are those that comply with the statutory environmental impact assessment requirements. The fund plans to construct a Fidia house whereby the environmental impact assessment will be a mandatory. the Fund has also invested in TANGA UWASA bond, the bond issued for sustainable water and wastewater management. More details are being provided in note 2.21

2.20 EMPLOYEE WELFARE

2.20.1 Employment

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

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

WORKERS COMPENSATION FUND

2.20.2 Management/Employees relationship

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

2.20.3 Training

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

2.20.4 Medical assistance

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

2.20.5 Health and safety

Effective health, safety and risk management are priorities for the Fund. The Fund's safety management system delivers a safe working environment by continuous and effective assessment. The Fund has safety and health representatives from every office who monitors health and safety incidences of the Fund.

2.20.6 HIV/AIDS

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

2.20.7 Employees benefit plan

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

2.20.8 Equal Opportunity

The Fund is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 30 June 2024, the Fund had 164 employees, out of which 71 (43.29%) were females and 93 (56.71%) were males (2023: 153 employees, out of which 65 (42.48%) were females and 88(57.52%) were males).

WORKERS COMPENSATION FUND

2.20.9 Disabled Persons

It remains the Fund's policy to accept disabled persons for employment for those vacancies that they are able to fill. During the year, none of the employees became disabled whilst employed and the Fund continues to financially support whenever one of its employees becomes disabled. It is the policy of the Fund that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

2.21 ENVIRONMENTAL ISSUES AND SUSTAINABILITY DISCLOUSER

The Fund has not early adopted any of the applicable sustainability standards and guidelines issued by the International Sustainability Standards Board (ISSB) that are not yet effective. However, it is currently making preparations for adoption in the coming financial year.

During the year under review, the Fund continued maintaining vigilance over the environmental impact of its operations, primarily related to energy consumption, water usage, and waste generation. To curtail this impact, The Fund monitors the impact of its operations on the environment, which is mainly with power, water and the generation of waste. The Fund minimises the impact through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

Moreover, The Fund has also automated contribution collection as well as claims submission processes which have reduced the paperwork hence protecting the environment.

2.22 FIDUCIARY RESPONSIBILITY

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

2.23 MAJOR ACHIEVEMENTS DURING THE YEAR

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

2.23.1 Benefit Expenses

During the period under review the Fund incurred expenses of compensation benefits amounting to TZS 26.78 billion (2023: TZS 23.58 billion) to various beneficiaries. During the year under review, the number of incidents compensated were 4,638 (2023: 4,486). Compensation benefits helps in reducing poverty to employees who suffered occupational injuries and lose the ability to earn income.

WORKERS COMPENSATION FUND

2.23.2 Enhancement of Service Delivery

During the period under review, the Fund have made significant improvement in its service delivery systems through the usage of technology. The Fund uses online platforms in contribution collection as well as claims submission. The Fund has linked its core system with health service providers which has simplified the billing process. The Fund has also expanded the network of medical aid outlets by contract health service providers and health care providers and train medical practitioners on diagnosis of occupational diseases and impairment assessment. The Fund has linked its core system with health service providers which has simplified the billing process

2.23.3 Increase in Net Assets

During the year under review, the Net Assets of the Fund increased to TZS 683.13 billion (2023; TZS 602.77 billion). This was attributed by prudent investment decisions.

ISO Certification

During the year under review, the Fund engaged Tanzania Bureau of Standards (TBS) as a Consultant for ISO certification. The Consultant conducted the first stage and second stage audit to assess the level of compliance with ISO standards. The Fund was then Certified due to the effective implementation of QMS and the Standard of service delivery.

2.24 EVENTS AFTER REPORTING YEAR

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

2.25 SERIOUS PREJUDICIAL ISSUES

During the financial year ended 30 June 2024, there were no serious legal matters which could affect the Fund.

2.26 RELATIONSHIP WITH STAKEHOLDERS

In fulfilling its mission, the Fund recognizes the importance of and commitment to deliver quality service to its primary beneficiaries and stakeholders at the least possible time. The Fund's stakeholders include Employees, Employers, the Government, Regulatory authorities, Fund managers, Custodians, Development partners and Professional associations, the media and Health care/service providers. The Fund is committed to provide adequate and equitable compensation in a timely manner, reliably and using appropriate technology.

2.27 SOLVENCY AND ACTUARIAL VALUATION

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

WORKERS COMPENSATION FUND

The Fund consulted the International Labour Organisation (ILO) to conduct an actuarial valuation of the Fund as at 30 June 2023. According to the valuation report, the actuarial financial position of the Fund was as follows:

	30.06.2024	30.06.2023
	TZS Million	TZS Million
Accrued liabilities		
Value of accrued Benefits liabilities of incidents that have occurred as at 30 June	70,823	55,610
Net Assets		
Net Assets of the Fund as at 30 June	683,130	545,158
Actuarial Reserve		
Excess of assets over accrued benefits liabilities	612,307	489,548

The next actuarial valuation is due at 30 June 2025.

ACTUARY OPINION

ILO Actuaries' opinion is as follows:

- Globally, the data collection process at the Workers Compensation Fund is appropriate and reliable.
- The assumptions used for the report are reasonable and appropriate both in the aggregate and individually, even if they do rely on limited data of the experience of scheme. It is expected that the assumptions will be based on more robust data in future actuarial valuations as more experience will emerge from the scheme;
- The methodology employed is appropriate and consistent with accepted actuarial practice; and
- WCF is financially sustainable over the projection period if the current contribution rates are maintained.

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

2.28 STATEMENT OF COMPLIANCE

The Trustees' report has been prepared in compliance with Tanzania Financial Reporting Standard No. 1 (The Report by those charged with Governance) and constitutes an integral part of the financial statements. The Board of trustees also confirms compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations to the Fund.

2.29 RESPONSIBILITY OF THE AUDITORS

Auditor is responsible to provide assurance of the correctness and consistency of each information contained in the report by those charged with governance with those provided in the financial statements.

WORKERS COMPENSATION FUND

2.30 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

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

The Board of trustees accepts responsibility for preparing these financial statements which show a true and fair view of the Fund to the date of approval of the financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

2.31 APPOINTMENT OF AUDITORS

Controller and Auditor General is the statutory auditor of the Fund by virtue of article 143 of the constitution of the United Republic of Tanzania, 1977 and amplified in Public Audit Act, Cap 418.

CAG is responsible for provision of audit opinion on WCFs' financial statements about fairness on presentation and consistency application for information contained in the report by those charged with governance

The report is signed on behalf of the Board by:



Mrs. Mary N. Maganga
Permanent Secretary,
Prime Minister's Office - Labour, Youth, Employment
and Persons with Disability (PMO-LYED)



Dr. John K. Mduma
Director General

Date: 10th March 2025

WORKERS COMPENSATION FUND

3.0 DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2024

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

It is the duty of a Professional Accountant to assist the Board of Trustees to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

I **Bezil P. Ewala**, being the Director of Finance, Planning and Investment for Workers Compensation Fund (the Fund) hereby acknowledge my responsibility of ensuring that financial statements of the Fund as at 30th June 2024 have been prepared in compliance with the International Financial Reporting Standards (IFRSs) and statutory requirements.

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

Signed by:



CPA Bezil Protas Ewala

Position: Director of Finance

NBAA Membership No: ACPA 1512

Date:

10th March 2025

WORKERS COMPENSATION FUND

4.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 TZS '000'	30 June 2023 TZS '000'
ASSETS			
Investments			
Fixed deposits	9	22,133,642	29,894,308
Collective investment scheme	10	4,821,420	524,854
Treasury bonds	11	646,275,757	579,313,164
Corporate bonds	12	3,985,971	3,469,872
Listed equity shares	13	24,035,371	23,492,490
Unlisted equity shares	14	4,125,538	3,629,954
Investment receivables	15	-	107,768
Advance towards Unlisted equity shares	16	2,025,000	1,216,839
Investment property	17	320,000	320,000
Total Investments		707,722,699	641,969,249
Other Assets			
Cash and Bank balances	18	15,063,160	5,697,008
Prepayments	19	9,588,657	801,880
Other receivables	20	593,427	480,790
Contributions receivable	21	3,266,787	975,962
Income tax receivable	22	1,482,904	2,927,586
Staff Loans	23	8,577,469	7,534,934
Inventory	24	116,799	95,137
Deferred tax assets	25	15,718,433	13,409,688
Right to Use Asset	26	906,253	994,042
Property and equipment	27	3,553,474	2,942,785
Intangible assets	28	21,144	63,926
Total Other Assets		58,888,507	35,923,738
TOTAL ASSETS		766,611,206	677,892,987
LIABILITIES			
Lease Liability	26	817,625	916,285
Other payables and accrued expenses	29	6,950,690	6,220,432
Claims Provision	30	4,890,212	5,506,556
Total Liabilities		83,481,653	75,125,378
NET ASSETS		683,129,553	602,767,609
ACCUMULATED FUNDS			
Beginning balance		602,767,609	489,548,023
Comprehensive income for the year		80,361,944	113,219,586
TOTAL ACCUMULATED FUNDS		683,129,553	602,767,609

The financial statements were authorized and approved for issue by the Board of Trustees for issue on 10th March 2025 and signed on its behalf by:



Dr. John K. Mduma
Director General



Mrs Mary N. Maganga
PS, PMO-LYED

WORKERS COMPENSATION FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 TZS '000'	30 June 2023 TZS '000'
Revenue			
Contribution income	32	91,682,728	86,475,086
Investment income	33	87,883,512	102,399,342
Other income	34	138,483	85,974
Total revenue		179,704,723	188,960,402
Operating Expenses			
Benefits to beneficiaries	35	(26,775,942)	(23,581,148)
Impairment of assets	36	(12,424,944)	(4,266,533)
Investment management expenses	37	(519,783)	(446,404)
Finance Costs	38	(51,789)	(64,592)
Administrative expenses	39	(35,264,181)	(30,878,866)
Contribution to the Government	40	(750,000)	-
Total expenses		(75,786,639)	(59,237,543)
Surplus before income tax		103,918,084	129,722,859
Income tax expense	41	(6,531,397)	(17,018,001)
Surplus for the year		97,386,687	112,704,858
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Unrealized gain/(loss) on marketable securities	42	(18,063,208)	1,482,741
Items that will not be reclassified to profit or loss			
Net fair value gain / (loss) equity investments	42	1,038,465	(968,013)
Total Other Comprehensive Income		(17,024,743)	514,728
Total Comprehensive Income for the year		80,361,944	113,219,586

The financial statements were authorized and approved for issue by the Board of Trustees for issue on 10th March 2025 and signed on its behalf by:



Dr. John K. Mduma
Director General



Mrs. Mary N. Maganga
PS, PMO-LYED

WORKERS COMPENSATION FUND

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2024

Accumulated Funds	Note	30 June 2024 TZS '000	30 June 2023 TZS '000
Beginning Balance		602,767,609	489,548,023
Surplus for the year		97,585,579	112,704,858
Other Comprehensive Income	42	(17,024,743)	514,728
Change for the year		80,560,836	113,219,586
At the end of the year		683,328,445	602,767,609

The financial statements were authorized and approved for issue by the Board of Trustees for issue on 10th March 2025 and signed on its behalf by:



Dr. John K. Mduma
Director General



Mrs. Mary N. Maganga
PS, PMO-LYED

WORKERS COMPENSATION FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		30 June 2024	30 June 2023
	Notes	TZS'000	TZS'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	48	76,434,297	81,845,361
Other income received	48	138,483	85,974
Contribution to Government		(750,000)	-
Benefit Paid	48	(18,347,701)	(13,867,752)
Tax Paid	22	(7,395,460)	(17,616,528)
Payments for administrative expenses	48	(43,886,261)	(29,716,067)
Net cash generated from operating activities		6,193,358	20,730,988
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	27 & 19	(885,862)	(1,325,407)
Proceeds from investment income	48	86,211,285	97,641,758
Investment in Treasury bonds	48	(86,614,736)	(98,474,600)
(Investment in) / Proceeds from Collective scheme	48	(2,304,693)	2,321,783
Advance towards Unlisted equity shares	48	(808,161)	(29,724)
Proceeds from (Investment in) Fixed Deposits	48	9,221,748	(15,000,000)
Investment in Corporate bonds	48	(500,000)	
Investment in Listed equity Shares	48	-	(4,125,895)
Investment in Loans	48	(1,213,159)	(961,747)
Net cash flow in investing activities		3,106,422	(19,903,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows from repayment of lease liability	48	(502,435)	(533,310)
Net cash flows from financing activities			
Increase in cash and cash equivalents		8,797,345	293,846
Cash and cash equivalents at start of the year		6,475,801	
Cash and cash equivalents at end of the year		15,273,147	6,475,801

The financial statements were authorized and approved for issue by the Board of Trustees for issue on 10th March 2025 and signed on its behalf by:



Dr. John K. Mduma
Director General



Mrs. Mary N. Maganga
PS, PMO-LYED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Workers Compensation Fund (WCF) is a social security scheme established under the Workers Compensation Act, Cap 263. The Fund was established on 1 March 2015 and started its operation on 1 July 2015. It is head quartered in PSSSF Kambarage Tower, 3rd floor, Dodoma.

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

2. COMPARATIVE PERIOD AND FIGURES

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

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Statement of Compliance and Basis of Preparation

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

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

3.2 Presentation currency

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

3.3 Accrual for contributions where assessments not raised

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

3.4 Revenue recognition

The Fund recognises revenue to depict the transfer of promised benefits to its beneficiaries in an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those services. The Fund recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefit will flow to the Fund. The amount of revenue is not considered to be reliably measured until all contingencies relating to transaction have been resolved. The Fund bases its estimates on historical result, taking into consideration the type of transaction and specific of each arrangement.

a) Contributions

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

b) Investment income

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

c) Other income

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

3.5 Expenses

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

a) Benefit cost

Benefit cost comprise the total estimated cost of claims that have occurred in the year and for which the Fund is responsible, whether or not reported by the end of the year. Claims and loss adjustment expenses are charged to statement of comprehensive income as incurred, based on the estimated liability for compensation. The Fund only discounts pension liabilities, other liabilities for unpaid claims are not discounted. Liabilities for unpaid claims are calculated based on an estimated average cost per claim for each underwriting year. The incurred but not reported claims ("IBNR") are based on estimated unreported claims as calculated by the actuaries. The average cost per claim is based on the actual claims paid and awards made,

estimated outstanding costs (based on the latest and most reliable information available) and the number of claims registered.

b) Administrative expenses

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

c) Finance Costs

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

3.6 Fair value measurement

The Fund measures financial instruments such as treasury bonds and non-financial assets such as investment properties, at fair value at each financial reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

External valuers are involved for valuation of investment properties. Involvement of external valuers is determined annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- a) Disclosures for valuation methods, significant estimates and assumptions Note 3.8
- b) Investment in Unlisted equity shares Note 13
- c) Investment properties Note 17
- d) Financial instruments (including those carried at amortised cost) Note 3.14.

3.7 Provisions

Generally, provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If the effect of the time value of money is not material, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for Outstanding Claims

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

3.8 Investment Property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property of the Fund comprises leasehold land. Investment property is initially measured at cost and includes all transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in fair values are included in the statement of comprehensive income in the period in which they arise, including the corresponding tax effect. Fair values are determined based on annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the Government Valuer of the United Republic of Tanzania.

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in surplus or deficit in the period of de-recognition. In determining the amount of consideration from the de-recognition of investment property the Fund considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

3.9 Property and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

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will flow to the Fund and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to surplus or deficit during the year in which they are incurred.

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

Asset Category	Percentage
Buildings	2
Office Furniture	20
Fixture and fittings	10
Office equipment	10
Computer hardware	20
Motor vehicles	10
Software (Intangible Assets)	10

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

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

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

3.10 Intangible assets

Intangible assets consist of computer application software and computer application licence packages. Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment at the reporting date to ascertain if there is an indication that the intangible asset may be impaired. Generally, cost associated with developing computer software programmes are recognised as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally developed intangible assets are not capitalised unless they meet certain criteria. Internally developed software products include direct cost incurred by the Fund and are recognised as intangible assets upon meeting the following criteria:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

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- e) Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- f) The expenditure attributable to the software product during its development can be measured reliably.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation, which has been consistently applied, is 10 percent. The amortisation period and the amortisation method for an intangible asset are reviewed at the reporting 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.11 Cash and Cash Equivalents

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

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

3.12 Employees' Benefits

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

a) Employees Contribution Plan

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

b) Terminal Benefits

Terminal benefits are payable when employment is terminated by the Fund before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Fund recognizes terminal benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage

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voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting year are discounted to their present value.

c) Short-term Employees' Benefits

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

3.13 Taxation

Current income tax

Income tax expense is the aggregate of the charge to comprehensive income in respect to current and deferred income tax. Current income tax is the amount of tax payable on the taxable surplus for the year determined in accordance with the Tanzanian Income Tax Act CAP.332. Tax is recognised in comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year.

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

Deferred tax

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

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

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

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

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

3.14 Financial instruments

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. IFRS 9 Financial Instruments: Recognition and Measurement outlines the requirements for the recognition and measurement of financial assets and liabilities.

Date of Recognition

The Fund recognises financial instruments on the trade date, that is the date that the Fund commits to purchase or sell the asset. Such purchases or sales of financial assets would require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial recognition of financial instruments

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

a) Financial assets

Classification of financial assets

Under IFRS 9 there are three principal classification categories for financial assets: measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL).

The Fund classifies the financial assets at initial recognition based on Fund's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

i. Financial Assets at Amortised Cost

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

1. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial assets at amortised cost includes fixed deposits; cash and cash equivalents; contribution receivables; staff loans and corporate bonds.

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ii. Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

1. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund's financial and non-financial assets at fair value through other comprehensive income include treasury bonds, listed and unlisted equities.

iii. Financial Assets at Fair Value Through Profit or Loss

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

Fund's financial and non-financial assets classified at fair value through profit or loss includes collective investment schemes.

3.15 Impairment of Financial assets

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

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

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

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

The Standard considers credit risk low if there is a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in

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economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Standard suggests that 'investment grade' rating might be an indicator for a low credit risk.

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

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

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

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

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

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

- i. Collateral value is assumed to be the cash recovery rate as determined by external rating agent in most cases Moody ratings.
- ii. For investment in Government securities, Effective interest rate (EIR) is assumed to be the nominal/coupon interest rate on the respective financial asset or Bank of Tanzania discounting rate whenever interest rate is unavailable.
- iii. Financial assets categorized as low risk are marked as Stage 1. They consist of all favourable ratings ranging from AAA to B- at initial recognition. On these instruments, only 12 months Expected Credit Loss (ECL) is computed. For the case of loans and advances, ECL model is

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built on the assumption that loans with number of days past due between 0 - 30 days are placed in Stage 1 and 12 month Expected Credit Loss (ECL) is computed.

- iv. Financial assets marked as Stage 2 are characterized as there is a significant increase in credit risk, a lifetime ECL is calculated on it. For the case of external ratings, Stage 2 comprises of all ratings from ratings at initial recognition that has degraded 3 notches from the rating at initial recognition (e.g. rating from AAA to AA+). For the case of loans and advances, ECL model is built on the assumption that loans with number of days past due between 31 - 90 are places in Stage 2 and life time Expected Credit Loss (ECL) is computed. Any breach of these specified limits triggers a migration between stages of IFRS 9, could be upward migration or downward migration.
- v. Loans and other financial assets classified under 90+ days are assumed to be in Stage 3 and lifetime ECL is calculated on it and classified as loss. For the case of external ratings, Stage 3 is comprised with all ratings definition that has migrated from CCC+ to CC.
- vi. Loss given default (LGD) is taken as 100% minus recovery rate established by the rating agent. The management believe the recovery rates established by rating agencies are unbiased and probabilistic weighted averages. If present value (PV) of forced sale value (FSV) is enough to cover the exposure at default (EAD), then LGD is taken to be NIL.
- vii. Probability of default (PD) rates unless for the case of external ratings, are usually based on both the historical trend analysis and macro-economic variables. The historical analysis is required to be conducted for five years based on loan past due days of individual customer and macro-economic variables, but considering the situation at hand and unavailable historical information, the ECL model used external credit ratings scores for each counterparty except for instruments measured using simplified approach e.g. contribution receivables.

Probability of default (PD)

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

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

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

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

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

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

Derecognition of financial assets

The basic premise for the derecognition model in IFRS 9 is to determine whether the asset under consideration for derecognition is:

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

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

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

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

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

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

b) Financial liabilities

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

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

- i) doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or
- ii) the liability is part or a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

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

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

De-recognition of financial liabilities

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

c) Offsetting of financial assets and financial liabilities

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

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

d) Determination of fair value

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

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

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3.16 Impairment of non-financial assets

The Fund assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in the statement of performance in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.17 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as cost of acquiring particular item.

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.

The Fund's inventories consist of office consumables including computer consumables, general stationaries, printing materials and refreshments.

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3.18 Leases

IFRS 16 resulted in a significant change for lessee accounting, there is no longer a distinction between operating and finance leases, IFRS 16 supersedes IAS 17 Leases. The standard introduces a single lease account model that requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless underlying asset is of low value. The standard set out the principles for the recognition, measurement, presentation and disclosure of leases on the statement of financial position. On 01 July 2019, the Fund adopted the requirements of IFRS 16 using modified retrospective approach by recognising lease liability at the date of initial application for leases previously classified as an operating lease under IAS 17 and right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position before the date of initial application. The lease policy for the Fund covers recognition, measurement and disclosure of right to use assets and lease liabilities.

i. Recognition

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

ii. Initial Measurement

a) *Right of use asset*

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

b) *Lease liabilities*

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

iii. Subsequent measurement

a) *Right of use assets*

Subsequently, the Fund will measure right of use assets at cost, this accommodates all adjustments including accumulated depreciation and any accumulated impairment losses that may arise during the lifetime of the lease. The right-of-use assets are depreciated over the shorter of the remaining contractual time at recognition date, and the lease term on a straight-

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line basis. Periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

b) Lease liabilities

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

iv. Presentation and disclosure

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

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

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

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

3.19 Accounts payables

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

3.20 Comparatives

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

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3.21 Changes in accounting policies and disclosures

The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective in these financial statements. The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2023 (unless otherwise stated).

a) New and amended standards adopted by the Fund

The following standards have been adopted by the Fund for the first time for the financial year beginning on 1st July 2023

Title	Description	Effective Date
IAS 1-Presentation of Financial Statements	<p>The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).</p> <p><u>Impact on the Fund's financial statements</u> Based on management assessment, the amendment is not expected to have a significant impact on the Fund's financial statements.</p>	<p>Annual periods beginning on or after January 1, 2023.</p> <p>The Fund has adopted the standard where classification of current or non-current depending on the rights that exist at the end of the reporting period.</p>
IAS 1 and IFRS Practice Statement 2	<p>In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.</p> <p><u>Impact on the Fund's financial statements</u> Based on management assessment, the amendment is not expected to have a significant impact on the Fund's financial statements.</p>	<p>Annual periods beginning on or after 1 January 2023 with earlier application permitted.</p> <p>The fund has adopted IAS 1 and IFRS Practice statement 2 and made assessment to include Material accounting estimates rather than significant accounting policies. In assessing the materiality of accounting policy information, the fund has considered both the size of the transactions, other events or conditions and the nature of them.</p>
IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors	<p>In February 2021, the IASB issued amendments to IAS 8, in which it introduces a 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</p>	<p>Annual periods beginning on or after January 1, 2023.</p> <p>The fund has adopted the amendments of IAS 8 for the current year, the amendments to replace the definition of a change in</p>

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Title	Description	Effective Date
	estimates and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.	accounting estimates with definition of accounting estimates. A distinction has been made between changes in accounting estimates, changes in accounting policies and correction of errors
IAS 12-Income Taxes	<p>The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Further to that, amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.</p> <p><u>Impact on the Fund's financial statements</u> Based on management assessment, the amendment is not expected to have a significant impact on the Fund's financial statements. The Fund's policy on accounting for deferred taxes on its leases has been in line with the new amendment.</p>	Annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

b) IFRS, Interpretations and amendments issued but not effective

Title	Description	Effective Date
Amendment to IFRS 16 - Lease liability in a sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024 (Published September 2022)
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. They also aim to improve the information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)
Amendments to IAS 21 Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when it can be obtained (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (Published August 2023)

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Title	Description	Effective Date
Amendments to IAS 7 and IFRS 7 Disclosures: Supplier Finance Arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024 (Published May 2023)
Sale or Contribution of Assets between an Investor-Amendments to IFRS 10 and IAS 28	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 recognized 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 recognized only to the extent of unrelated investors' interests in the associate or joint venture.	In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.
IFRS 18-Presentation of financial statements	This standard aims at enhancing transparency and comparability in financial reporting by standardizing the presentation and disclosure of financial statements across entities. It aims to improve financial reporting by requiring additional defined subtotals in the statement of profit or loss; requiring disclosure about management-defined performance measures and introducing new principles for aggregating and disaggregating information.	Annual periods beginning on or after January 1, 2027, with earlier application permitted
IFRS 19 - Subsidiaries without Public Accountability	This standard is designed to simplify financial reporting for eligible subsidiaries by allowing them to apply IFRS Accounting Standards with reduced disclosure requirements. By adopting IFRS 19, eligible subsidiaries can streamline their financial reporting processes, potentially leading to operational relief and cost savings, while still providing essential information to users of their financial statements.	Annual periods beginning on or after January 1, 2027, with earlier application permitted

There are no other standards that are not yet effective and that would be expected to have a material impact on Fund in the current or future reporting periods and on foreseeable future transactions.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

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revenues and expenses during the reporting period. Although these estimates are based on the Board of Trustees' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

a) Going concern

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

b) Impairment losses on financial assets

At the end of each reporting year, the Fund assesses impairment of financial assets based on the expected credit loss (ECL) model as required under IFRS 9. The ECL model applies to all financial assets. The Fund uses a three-stage approach to assess impairment, recognizing 12-month ECLs for Stage 1 assets and lifetime ECLs for Stage 2 and Stage 3 assets.

The Fund assesses whether a credit risk on a financial asset has increased significantly based on a change of the default risk considering past due information, financial difficulties of obligors or downgrades of the internal credit rating. The Fund assesses a whole or part of the financial asset which is deemed extremely difficult to be collected as a default and recognizes it as a credit-impaired financial asset. If the Fund reasonably determines that a whole or part of the financial asset is uncollectible, the carrying amounts of financial assets are written-off directly. An allowance for doubtful accounts for financial assets is recognized in profit or loss. If an event which causes a reduction in the allowance for doubtful accounts occurs, a reversal of an allowance for doubtful accounts is recognized in profit or loss.

c) Income tax

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

d) Property and equipment

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

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e) Contribution receivables

Management made estimates of the contribution receivable during the year. The main assumptions used in the estimates were that all registered employers existed during from 1 July 2015 to 30 June 2024 and that the estimate amount was based on the latest contribution which was made by the employer. The estimates are likely to be affected by the unreported changes of the number of employees and gross salaries over a period of time. The increment in the time lag from the latest contribution to the reporting date increases the risk of misstatement of the estimates.

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

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

g) Capitalized value of pensions

The present value of the capitalized pensions 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) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations. Other key assumptions for pension obligations are based on current market conditions. In determination of pension capitalisation factor actuarial valuation present value factor tables by age, sex and disability are used.

h) Measurement of fair values

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

5. ACTUARIAL PRESENT VALUE OF THE FUND

Section 86 of Workers Compensation Act, Cap. 263 requires that all assets of the Fund from time to time as the Board may consider necessary, but in any event at the interval of not more than three years, be valued by an actuary appointed by the Board to determine the sufficiency of the Fund. The Fund started its operations on 1 July 2015. The Fund has started paying benefit with effect from 1 July 2016. Actuarial valuation using the data for the financial year ended 30 June 2022 was completed on 31 July 2023. The summary disclosure of the present value of long-term liabilities is in part 2.27 of the Report by those Charged with Governance.

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6. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

6.1 Credit risk

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

Management of credit risk

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

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

Investment Category	Investment limit as a percentage of Total Investment Portfolio
Cash and Demand Deposit in Banks and Financial Institutions	5
Government Securities (Treasury Bills, Treasury Bonds)	20 -100
Direct Loans to the Government	10
Commercial Paper, Promissory Notes and Corporate Bonds	20
Unlisted Corporate Debt	5
Real Estate	30

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Investment Category	Investment limit as a percentage of Total Investment Portfolio
Real Estate - Non-Income Earning Property	5
Ordinary and Preference Shares	20
Infrastructure Investments	25
Fixed Deposits, Time Deposits and Certificates of Deposits with Licensed Banks and Financial Institutions	35
Investment in Licensed Collective Investment Schemes	30
Guaranteed Fund - Supplementary schemes only	100
Others - subject to prior approval by the Bank	10

The Table below represents the worst-case scenario of credit exposure, considering that there is no any collateral held.

Maximum exposure to credit risk as at 30 June 2024

	30 June 2024	30 June 2023
Financial assets	TZS '000	TZS '000
Fixed deposits	22,422,317	30,289,535
Treasury bonds	646,275,757	579,313,164
Corporate bonds	4,036,163	3,513,637
Collective investment scheme	4,821,420	524,854
Unlisted equity shares	4,125,538	3,629,954
Listed equity shares	24,035,371	23,492,490
Advance towards Unlisted equity shares	2,025,000	1,216,839
Investment receivables	0	107,768
Contribution receivable	56,476,538	46,065,139
Other receivables	593,427	480,790
Cash and Bank balances	15,273,147	6,475,801
Total	789,028,900	702,841,034

Credit quality of financial assets as at 30 June 2024

	Neither past due nor Impaired	Past due but not impaired	Impaired	Total
Financial assets	TZS '000	TZS '000	TZS '000	TZS '000
Fixed deposits	22,133,642	288,675	-	22,422,317
Treasury bonds	646,275,757	-	-	646,275,757
Corporate bonds	3,985,971	50,192	-	4,036,163
Collective investment scheme	4,821,420	-	-	4,821,420
Unlisted equity shares	4,125,538	-	-	4,125,538
Listed equity shares	24,035,371	-	-	24,035,371
Advance towards Unlisted equity shares	2,025,000	-	-	2,025,000
Contribution's receivable	3,266,787	53,209,751	-	56,476,538
Other receivables	593,427	-	-	593,427
Loans	8,577,468	366,754	-	8,944,222
Cash and Bank balances	15,063,160	209,986	-	15,273,147
Total	734,903,541	54,125,359	-	789,028,900

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Credit quality of financial assets as at 30 June 2023

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets	TZS '000	TZS '000	TZS '000	TZS '000
Fixed deposits	29,894,308	395,227	-	30,289,535
Treasury bonds				
Corporate bonds	3,469,872	43,765	-	3,513,637
Collective investment scheme	524,854	-	-	524,854
Unlisted equity shares	3,629,954	-	-	3,629,954
Listed equity shares	23,492,490	-	-	23,492,490
Advance towards Unlisted equity shares	1,216,839			1,216,839
Investment receivables	107,768	-	-	107,768
Contribution receivable	975,962	45,089,177	-	46,065,139
Other receivables	480,790	-	-	480,790
Loans	7,534,934	196,129	-	7,731,063
Cash and Bank balances	5,697,008	778,793	-	6,475,801
Total	656,337,943	46,503,091	-	702,841,034

The sectoral classification of the Fund's credit exposure by counterpart as at 30 June 2024 is as follows:

Details	Commercial Banks	Central Bank (BoT)	Government Institutions	Corporate Institutions	Tanzania Treasury	WCF Staff	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Fixed deposits	22,422,317						22,422,317
Treasury bonds					646,275,757		646,275,757
Corporate bonds			4,036,163				4,036,163
Collective investment scheme			4,821,420				4,821,420
Unlisted equity shares	4,125,538						4,125,538
Listed equity shares				24,035,371			24,035,371
Advance towards Unlisted equity shares			2,025,000				2,025,000
Investment receivables			-				0
Contribution receivable				56,476,538			56,476,538
Other receivables				593,427			593,427
Loans						8,944,222	8,944,222
Cash and Bank balances	407,617	14,865,530					15,273,147
Total	26,955,472	14,865,530	12,907,583	81,105,336	646,275,757	8,944,222	789,028,900

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The sectoral classification of the Fund's credit exposure by counterpart as at 30 June 2023 is as follows:

Details	Commercial Banks	Central Bank (BoT)	Government Institutions	Corporate Institutions	Tanzania Treasury	WCF Staff	Total
	TZS '000'''	TZS '000'	TZS '000'''	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Fixed deposits	30,289,535						30,289,535
Treasury bonds					579,313,164		579,313,164
Corporate bonds			3,513,637				3,513,637
Collective investment scheme			524,854				524,854
Unlisted equity shares	3,629,954						3,629,954
Listed equity shares				23,492,490			23,492,490
Advance towards Unlisted equity shares			1,216,839				1,216,839
Investment receivables			107,768				107,768
Contribution receivable				46,065,139			46,065,139
Other receivables				480,790			480,790
Loans						7,731,063	7,731,063
Cash and Bank balances	5,820,056	655,745					6,475,801
Total	39,739,545	655,745	5,363,098	70,038,419	579,313,164	7,731,063	702,841,034

6.2 Liquidity risk

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

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

As at June 2024

Financial Assets/liabilities	Less than 1 month	Between 1-3 months	Between 3-12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Fixed deposits	-	1,752,048	5,670,269	15,000,000	22,422,317
Treasury bonds	-	-	17,578,368	628,697,389	646,275,757
Corporate bonds	-	-	36,163	4,000,000	4,036,163
Collective investment scheme	4,821,420	-	-	-	4,821,420
Unlisted equity shares	-	-	-	4,125,538	4,125,538
Listed equity shares	-	-	-	24,035,371	24,035,371
Advance towards Unlisted equity shares	-	-	2,025,000	-	2,025,000
Investment receivables	-	-	-	-	-
Contribution's receivable	6,480,842	6,736,461	2,821,191	40,438,044	56,476,538
Other receivables	-	-	593,427	-	593,427
Loans	-	-	-	8,944,222	8,944,222
Cash and Bank balances	15,273,147	-	-	-	15,273,147
Total	26,575,409	8,488,509	28,724,418	725,240,564	789,028,900
Liabilities					
Lease Liability	-	-	-	817,625	817,625

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Financial Assets/liabilities	Less than 1 month	Between 1-3 months	Between 3-12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Payables		6,950,690	-	-	6,950,690
Pensions	-	-	-	70,823,126	70,823,126
Total financial liabilities	-	6,950,690	-	71,640,751	78,591,441
Net liquidity gap	26,575,409	1,537,819	23,834,206	653,599,813	710,437,459

As at June 2023

Financial Assets/liabilities	Less than 1 month	Between 1-3 months	Between 3-12 months	Over 12 months	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Fixed deposits	-	-	244,027	30,045,508	30,289,535
Treasury bonds	-	-	19,167,302	560,145,862	579,313,164
Corporate bonds	-	-	13,637	3,500,000	3,513,637
Collective investment scheme	524,854	-	-	-	524,854
Unlisted equity shares	-	-	-	3,629,954	3,629,954
Listed equity shares	-	-	-	23,492,490	23,492,490
Advance towards Unlisted equity shares	-	-	1,216,839	-	1,216,839
Investment receivables	107,768	-	-	-	107,768
Contribution receivable	3,979,552	705,935	3,561,287	37,818,365	46,065,139
Other receivables	-	-	480,790	-	480,790
Loans	-	-	-	7,731,063	7,731,063
Cash and Bank balances	6,475,801	-	-	-	6,475,801
Total	11,087,975	705,935	24,683,882	666,363,242	702,841,034
Financial Liabilities					
Lease Liability	-	-	348,712	567,573	916,285
Payables		6,220,432	-	-	6,220,432
Pensions	-	-	-	62,482,105	62,482,105
Total financial liabilities	-	6,220,432	348,712	63,049,678	69,618,822
Net liquidity gap	11,087,975	(5,514,497)	23,986,458	603,313,564	633,222,212

6.3 Market risk

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

Interest rate risk management

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

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

WORKERS COMPENSATION FUND

The table below analyses the Fund's interest rate risk exposure on financial assets and liabilities as at 30 June 2024:

Description	Total Exposure before impairment	Interest bearing	Non-interest bearing
Financial assets	TZS '000	TZS '000	TZS '000
Fixed deposits	22,422,317	22,422,317	-
Treasury bonds	646,275,757	646,275,757	-
Corporate bonds	4,036,163	4,036,163	-
Collective investment scheme	4,821,420	-	4,821,420
Unlisted equity shares	4,125,538	-	4,125,538
Listed equity shares	24,035,371	-	24,035,371
Advance towards Unlisted equity shares	2,025,000	-	2,025,000
Investment receivables	0	-	0
Contribution receivable	56,476,538	-	56,476,538
Other receivables	593,427	-	593,427
Loans	8,944,222	-	8,944,222
Cash and Bank balances	15,273,147	-	15,273,147
Total financial assets	789,028,900	672,734,237	116,294,663
Financial liabilities			
Payables	7,768,315	-	7,768,315
Pensions	70,823,126	-	70,823,126
Total financial liabilities	78,591,441	-	78,591,441
Net interest sensitivity gap	710,437,459	672,734,237	37,703,222

The table below analyses the Fund's interest rate risk exposure on financial assets and liabilities as at 30 June 2023:

Description	Total Exposure	Interest bearing	Non-interest bearing
Financial assets	TZS '000	TZS '000	TZS '000
Fixed deposits	30,289,535	30,289,535	-
Treasury bonds	579,313,164	579,313,164	-
Corporate bonds	3,513,637	3,513,637	-
Collective investment scheme	524,854	-	524,854
Unlisted equity shares	3,629,954	-	3,629,954
Listed equity shares	23,492,490	-	23,492,490
Advance towards Unlisted equity shares	1,216,839	-	1,216,839
Investment receivables	107,768	47,661	60,107
Contribution receivable	46,065,139	-	46,065,139
Other receivables	480,790	-	480,790
Loans	7,731,063	-	7,731,063
Cash and Bank balances	6,475,801	-	6,475,801
Total financial assets	702,841,034	613,163,997	89,677,037
Financial liabilities			
Payables	7,136,717	-	7,136,717
Pensions	62,482,105	-	62,482,105
Total financial liabilities	69,618,822	-	69,618,822
Net interest sensitivity gap	633,222,212	613,163,997	20,058,215

WORKERS COMPENSATION FUND

At 30 June 2024, an increase/decrease in interest rates by 2% with all other variables held constant would have resulted in an increase/decrease in interest income by TZS 13.45 billion (2022/23: TZS 12.26 billion).

Details	30 June 2024 TZS'000'	30 June 2023 TZS'000'
Principal reported	672,734,237	613,163,997
Interest income reported	79,672,139	68,209,161
Interest increases by 2%	13,454,685	12,262,280
Total Interest	93,126,824	80,471,441
Gain	13,454,685	12,262,280
Interest decreases by 2%	(13,454,685)	(12,262,280)
Total Interest	66,217,454	55,946,881
Loss	(13,454,685)	(12,262,280)

Foreign exchange risk management

The foreign exchange risk (or currency risk) is the risk arising from changes in the value of foreign currencies. However, the Fund has no significant foreign currency transactions and only small portion of fixed deposits amounting to USD 666,956.17 (2023; 2,607,792.21) is denominated in forex (USD) and hence there is no significant risk caused by forex changes and the Fund's currency risk is ranked as low.

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.

At 30 June 2024, if the prices of all quoted equity investments and bonds had increased or decreased by 5%, with all other variables held constant, the increase or decrease in assets for the financial year would have been TZS 33.52 million (2022/23: TZS 30.14 million).

Details	30 June 2024 TZS'000	30 June 2023 TZS'000
Quoted equities	24,035,371	23,492,490
Treasury Bonds	646,275,757	579,313,164
	670,311,128	602,805,654
Price appreciates by 5%	703,826,584	632,945,937
Gain	33,515,556	30,140,283
Quoted equities	24,035,371	23,492,490
Treasury Bonds	646,275,757	579,313,164
	670,311,128	602,805,654
Price depreciates by 5%	636,795,572	572,665,371
Loss	(33,515,556)	(30,140,283)

WORKERS COMPENSATION FUND

7. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. A summary of significant accounting policies describes how classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category.

As at 30 June 2024

Description	Amortized cost	At FV through OCI	At FV through P&L	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets				
Fixed deposits	22,133,642	-	-	22,133,642
Treasury bonds	-	646,275,757	-	646,275,757
Corporate bonds	3,985,971	-	-	3,985,971
Collective investment scheme	-	-	4,821,420	4,821,420
Unlisted equity shares	-	4,125,538	-	4,125,538
Listed equity shares	-	24,035,371	-	24,035,371
Advance towards Unlisted equity shares	-	2,025,000	-	2,025,000
Contributions receivable	3,266,787	-	-	3,266,787
Other receivables	593,427	-	-	593,427
Loans	8,577,469	-	-	8,577,469
Cash and Bank balances	15,063,160	-	-	15,063,160
Total	53,620,456	676,461,666	4,821,420	734,903,542
Financial liabilities				
Payables	7,768,315	-	-	7,768,315
Pension	70,823,126	-	-	70,823,126
Total	78,591,441	-	-	78,591,441

As at 30 June 2023

Description	Amortized cost	At FV through OCI	At FV through P&L	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets				
Fixed deposits	29,894,308	-	-	29,894,308
Treasury bonds	-	579,313,164	-	579,313,164
Corporate bonds	3,469,872	-	-	3,469,872
Collective investment scheme	-	-	524,854	524,854
Unlisted equity shares	-	3,629,954	-	3,629,954
Listed equity shares	-	23,492,490	-	23,492,490
Advance towards Unlisted equity shares	-	1,216,839	-	1,216,839
Investment receivables	107,768	-	-	107,768
Contributions receivable	975,962	-	-	975,962
Other receivables	480,790	-	-	480,790
Loans	7,534,934	-	-	7,534,934
Cash and Bank balances	5,697,008	-	-	5,697,008
Total	48,160,642	607,652,447	524,854	656,337,943
Financial liabilities				
Payables	7,136,717	-	-	7,136,717
Pension	62,482,105	-	-	62,482,105
Total	69,618,822	-	-	69,618,822

WORKERS COMPENSATION FUND

8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Fund specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions.

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

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As at 30 June 2024

	Fair values			Carrying amount
	Level 1	Level 2	Level 3	
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets measured at fair values				
Treasury bonds	-	646,275,757	-	646,275,757
Listed equity shares	24,035,371	-	-	24,035,371
Collective investment scheme	4,821,420	-	-	4,821,420
Unlisted equity	-	4,125,538	-	4,125,538
Total	28,856,791	650,401,295	-	779,258,086

As at 30 June 2023

	Fair values			Carrying amount
	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000	TZS '000
Financial assets measured at fair values.				
Treasury bonds	-	579,313,164	-	579,313,164
Listed equity shares	23,492,490	-	-	23,492,490
Collective investment scheme	524,854	-	-	524,854
Unlisted equity	-	3,629,954	-	3,629,954
Total	24,017,344	582,943,118	-	606,690,462

WORKERS COMPENSATION FUND

9. FIXED DEPOSITS

Details	30 June 2024 TZS '000'	30 June 2023 TZS '000'
Principal	21,505,799	30,045,507
Interest Receivable	916,518	244,028
Less: Allowance for Probable Loss	(288,675)	(395,227)
	<u>22,133,642</u>	<u>29,894,308</u>
Maturity analysis		
Maturing up to 3 months	1,752,048	-
Maturing over 12 months	15,000,000	-
	<u>22,133,642</u>	<u>29,894,308</u>

10. COLLECTIVE INVESTMENT SCHEME

	30 June 2024 TZS '000	30 June 2023 TZS '000
Faida Fund	1,706,785	524,854
Liquid Fund	3,114,635	-
	<u>4,821,420</u>	<u>524,854</u>

The Fund invests in collective schemes as a temporary measure while waiting for lucrative investment opportunities. During the year under review, the Fund transferred most of the funds held in Collective Investment Scheme to other avenues.

11. TREASURY BONDS

	30 June 2024 TZS '000	30 June 2023 TZS '000
Cost	633,990,624	547,375,889
Coupon receivable	17,578,368	19,167,302
Change in Fair Value Cumulatively*	(5,293,235)	12,769,973
	<u>646,275,757</u>	<u>579,313,164</u>
Maturity analysis		
Maturing up to 3 months	-	-
Maturing 3 to 12 months	17,578,368	19,167,302
Maturing over 12 months	628,697,389	560,145,862
	<u>646,275,757</u>	<u>579,313,164</u>

WORKERS COMPENSATION FUND

12. CORPORATE BONDS

	30 June 2024	30 June 2023
	TZS '000	TZS '000
5 Years Bonds	4,000,000	3,500,000
Interest Receivable	36,163	13,637
Less: Allowance for Probable Loss (ECL)	(50,192)	(43,765)
	<u>3,985,971</u>	<u>3,469,872</u>
Maturity analysis		
Maturing up to 3 months	-	-
Maturing 3 to 12 months	36,163	13,637
Maturing over 12 months	<u>3,949,808</u>	<u>3,456,235</u>
	<u>3,985,971</u>	<u>3,469,872</u>

13. LISTED EQUITY SHARES

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

	30 June 2024	30 June 2023
	TZS '000	TZS '000
At the beginning of the year	23,492,490	18,389,410
Additions	-	4,125,895
Disposals	-	-
Fair value changes	542,881	977,185
At the end of the year	<u>24,035,371</u>	<u>23,492,490</u>

Classification by entity

As at 30 June 2024

EQUITIES (UNITS OF SHARES) in 2024				EQUITIES (MARKET VALUE - TZS '000') in 2024			
ENTITY	Shares at 1 July 2023	Addition/ (Disposals)	At 30 June 2024	At 1 July 2023	Addition/ (Disposals)	Fair value gain/(loss)	At 30 June 2023
Vodacom Tanzania Plc	23,882,350	-	23,882,350	18,389,409	-	-	18,389,409
CRDB Bank Plc	10,857,619	-	10,857,619	5,103,081	-	542,881	5,645,962
Total	34,739,969	-	34,739,969	23,492,490	-	542,881	24,035,371

As at 30 June 2023

ENTITY	Shares at 1 July 2022	Addition/ (Disposals)	At 30 June 2022	At 1 July 2022	Addition/ (Disposals)	Fair value gain/(loss)	At 30 June 2023
Vodacom Tanzania Plc	23,882,350		23,882,350	18,389,410	-	-	18,389,410
CRDB Bank Plc	-	10,857,619	10,857,619	-	4,125,895	977,185	5,103,080
	23,882,350	10,857,619	34,739,969	18,389,410	4,125,895	977,185	23,492,490

WORKERS COMPENSATION FUND

14. UNLISTED EQUITY SHARES

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

	30 June 2024 TZS '000	30 June 2023 TZS '000
At the beginning of the year	3,629,954	5,575,153
Fair value adjustment	-	(2,055,923)
Bonus Shares	495,584	110,724
At the end of the year	<u>4,125,538</u>	<u>3,629,954</u>

B. Classification by entity

Tanzania Commercial Bank	816,292	320,708
Azania Bank Limited	3,309,246	3,309,246
	<u>4,125,538</u>	<u>3,629,954</u>

15. INVESTMENT RECEIVABLES

	30 June 2024 TZS '000	30 June 2023 TZS '000
Dividend Receivables	-	60,107
Other Investment receivables	0	47,661
	<u>0</u>	<u>107,768</u>

16. ADVANCE TOWARDS UNLISTED EQUITY SHARES

The Fund in collaboration with Public Service Social Security Fund (PSSSF) and Treasury Registrar, have resumed the role to revamp and operate the Mponde Tea Factory in Lushoto, Tanga. The amount shown during the year under the review of TZS 2.03 billion relates incurred costs by the Fund in revamping the factory. The amount will be reclassified under Unlisted Equity shares after the reconciliation with the other shareholders of all costs incurred by the Fund in revamping the factory.

	30 June 2024 TZS '000	30 June 2023 TZS '000
Balance as at the beginning of the year	1,216,839	1,187,115
Additions during the period	808,161	29,724
	<u>2,025,000</u>	<u>1,216,839</u>

17. INVESTMENT PROPERTY

	30 June 2024 TZS '000	30 June 2023 TZS '000
Land Cost	320,000	257,000
Change in Market Value	-	63,000
	<u>320,000</u>	<u>320,000</u>

WORKERS COMPENSATION FUND

18. CASH AND BANK BALANCE

	30 June 2024 TZS '000	30 June 2023 TZS '000
Cashbook balance		
NMB Bank Plc. - GePG Account	1,387	47,098
NMB Bank Plc. - Call Account	84,293	83,539
NMB Bank Plc. - Current Account	-	-
Bank of Tanzania	14,865,530	655,745
NBC Bank	(28)	(4,673)
Azania Bank	-	-
TCB Bank	-	168,946
CRDB Bank - Current Account	-	(978,358)
CRDB Bank Plc. - Call Account	291,968	4,676
CRDB Bank - GePG Account	(135)	6,498,829
CRDB Bank-Expenditure Account	(4,560)	-
NMB Bank-Expenditure Account	34,692	-
IFRS 9 Allowance for probable loss (ECL)	(209,987)	(778,794)
	15,063,160	5,697,008

	30 June 2024 TZS '000	30 June 2023 TZS '000
Net cashbook balances as at 30 June, (excluding allowance for probable loss)	15,273,147	6,475,801
Treasury Bills maturing within 3 months	-	-
Treasury Bonds maturing within 3 months	-	-
Fixed deposits maturing within 3 months	1,752,048	-
Cash and cash equivalents as at 30 June	17,025,195	6,475,801

The negative cashbook balance is not an overdraft. The balance is due to excess of payments over receipts in the cashbook resulting from timing differences. The Fund maintains sufficient balance in its bank accounts to ensure that all the maturing obligation are settled while remaining balance is invested.

During the year under review, the Fund had the significant balance with the Bank of Tanzania at the year end. This emanated from the employer's deposits made at the year-end. The amount was invested immediately at the beginning of new fiscal year.

19. PREPAYMENTS

	30 June 2024 TZS '000	30 June 2023 TZS '000
Medical bills	-	74,709
GPSA - Motor Vehicle	-	655,074
Treasury bond Purchase	9,215,327	-
Prepaid Insurance	-	41,783
Postal rental fee and subscriptions	-	718
Rent Service Charge	15,479	15,503
	9,588,657	801,880

WORKERS COMPENSATION FUND

20. OTHER RECEIVABLES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Salary Advances	505,355	392,717
Rent security deposit	88,072	88,073
	<u>593,427</u>	<u>480,790</u>

21. CONTRIBUTION RECEIVABLES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Private sector contributions	30,815,212	29,276,537
Public sector contributions	8,377,576	1,987,603
Interest Receivables on Contributions	<u>17,283,750</u>	<u>14,800,999</u>
	56,476,538	46,065,139
Less: Allowance for Probable Losses	(53,209,751)	(45,089,177)
	<u>3,266,787</u>	<u>975,962</u>

Management made estimates of the contribution receivable during the year. The main assumptions used in the estimates were that all registered employers existed during from 1 July 2015 to 30 June 2024 and that the estimate amount was based on the latest contribution which was made by the employer. The estimates are likely to be affected by unreported changes of the number of employees and gross salaries over a period of time. The increment in the time lag from the latest contribution to the reporting date increases the risk of misstatement of the estimates.

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

Ageing of contribution receivables that are past due

	30 June 2024	30 June 2023
	TZS '000	TZS '000
0-90 days	13,217,304	4,685,487
91-180 days	1,118,837	1,407,965
181-360days	1,702,353	2,153,322
361 days and above	40,438,044	37,818,365
	<u>56,476,538</u>	<u>46,065,139</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	45,089,177	73,292,258
Write-Off	(4,802,678)	(30,139,223)
Increase in Impairment (ECL)	12,923,252	1,936,142
	<u>53,209,751</u>	<u>45,089,177</u>

WORKERS COMPENSATION FUND

During the year under review, the Fund identified contributions receivables that were deemed uncollectible due to various factors and decided to write them off. The write-off has been reflected in the financial statement to ensure the presentation of a true and fair view of the Fund's financial position. Management is committed to minimizing losses by continuously ensuring that all employers are remitting contributions to the Fund timely. The remaining contributions receivables have been assessed for recoverability and the impairment has been recognized. The Fund does not hold any collateral over these balances.

22. INCOME TAX RECEIVABLE

	30 June 2024 TZS '000	30 June 2023 TZS '000
Balance as at the beginning of the year	2,927,586	3,666,271
Add: Paid during the period	7,395,450	17,616,528
Less: Charge for the period	(8,840,132)	(18,355,213)
	<u>1,482,904</u>	<u>2,927,586</u>

23. STAFF LOANS

	30 June 2024 TZS '000	30 June 2023 TZS '000
Motor Vehicle Loans	1,779,115	1,249,209
House Loans	5,787,365	5,047,361
Personal Loans	1,377,742	1,434,493
Less: Allowance for Probable Loss (ECL)	(366,753)	(196,129)
	<u>8,577,469</u>	<u>7,534,934</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	196,129	54,154
Increase in Impairment (ECL)	170,624	141,975
	<u>366,753</u>	<u>196,129</u>

24. INVENTORY

	30 June 2024 TZS '000	30 June 2023 TZS '000
Computer Consumables	76,726	56,971
General Stationary	17,958	10,733
Printing Materials	20,344	26,518
Refreshment	1,772	915
	<u>116,799</u>	<u>95,137</u>

WORKERS COMPENSATION FUND

25. DEFERRED TAX ASSETS

Movement in deferred tax asset balances

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Balance as at 1 July 2023	13,409,688	12,088,164
Increase during the year	2,308,745	1,321,524
Balance as at 30 June 2024	15,718,433	13,409,688

26. RIGHT OF USE ASSETS (LEASES)

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

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Cost		
Cost balance as at 1 July	1,663,160	3,426,769
Additions to right-of-use assets	351,879	157,863
Disposal during the year	(110,630)	(1,921,472)
Balance as at 30 June	1,904,409	1,663,160
Accumulated Depreciation		
Accumulated Depreciation as at 1 July	(669,118)	(2,153,726)
Accumulated depreciated of disposed rights	110,630	1,921,472
Depreciation charged during the year	(439,668)	(436,864)
Accumulated depreciation as at 30 June	(998,156)	(669,118)
Right to Use Assets	906,253	994,042
Lease Liability		
Balance at 1 July	916,285	1,227,141
New Lease during the year	352,522	156,413
Less: Lease payment (Contractual payment)	(502,970)	(531,861)
Interest expense (Finance Cost)	51,789	64,592
Lease Liability at 30 June	817,625	916,285

WORKERS COMPENSATION FUND

27. PROPERTY AND EQUIPMENT

	Computers	Office Equipment	Furniture Fixture & Fittings	Motor Vehicle	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost					
At 1 July 2022	3,168,637	558,678	1,795,948	1,724,740	7,248,003
Additions	291,080	120,596	-	526,316	937,992
At 30 June, 2023	3,459,717	679,274	1,795,948	2,251,056	8,185,995
At 1 July 2023	3,459,717	679,274	1,795,948	2,251,056	8,185,995
Disposal/Adjustment	(317,011)	(41,984)	(31,646)	-	(390,641)
Addition	615,717	52,317	217,828	655,074	1,540,936
At 30 June 2024	3,758,423	689,607	1,982,130	2,906,130	9,336,290
Accumulated depreciation					
At 1 July 2022	1,823,574	419,726	1,067,632	1,131,018	4,441,950
Charge for the year	502,630	44,630	145,012	108,987	801,260
At 30 June 2023	2,326,204	464,356	1,212,644	1,240,005	5,243,210
At 1 July 2023	2,326,204	464,356	1,212,644	1,240,005	5,243,210
Disposal/Adjustment	(313,451)	(41,984)	(31,646)	-	(387,081)
Charge for the year	525,272	66,087	147,988	187,340	926,687
At 30 June, 2024	2,538,025	488,459	1,328,986	1,427,345	5,782,816
Net book Value					
At 30 June 2023	1,133,523	214,918	583,304	1,011,051	2,942,785
At 30 June 2024	1,219,204	201,148	653,144	1,478,785	3,553,474

28. INTANGIBLE ASSETS - COMPUTER SOFTWARE

Cost	30 June 2024	30 June 2023
	TZS '000	TZS '000
At the beginning of the year	2,617,520	2,875,444
Additions	-	-
Write off Adjustment	(2,561,985)	(257,924)
At the end of year	55,535	2,617,520
Amortisation		
At the beginning of year	1,074,883	787,338
Write off Adjustment	(1,046,046)	-
Charge for the year	5,554	287,545
At the end of year	34,391	1,074,883
Impairment of Software	-	1,478,711
Net book value at 30 June	21,144	63,926

WORKERS COMPENSATION FUND

29. OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Stale cheques	668,126	837,715
Benefits payables	5,065,642	4,183,451
Accrued administrative expenses	697,886	574,427
Unclaimed monthly pension	28,623	37,662
Other creditors		
Receipts of deposits from unknown customers	401,225	435,581
Retention	-	54,439
	6,950,690	6,220,432

30. CLAIMS PROVISION

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Opening balance	5,506,556	3,325,878
Discharged during the year	(4,084,207)	(2,739,496)
Increase during the year	3,467,863	4,920,174
	4,890,212	5,506,556

Actuarial Assumptions

- Actuarial Valuation Projection on the expected number of claims payable on a particular year is used as the basis to determine the number of claims to be provided for the current year.
- This provision includes possible claims Incurred but Not Reported (IBNR) and outstanding claims that have been received by the Fund but are still in process and cost cannot be determined.
- This amount has been established by taking into consideration the claims accepted, claims accrued, and claims rejected by the Fund as of 30 June 2024.
- Claims reserving was done by considering average benefit payments as of 30 June 2024.
- An average annual inflation rate of 4.57% is used as an adjustor to increase the average benefits cost considering inflation on medical cost.

31. CAPITALIZED VALUE OF PENSION

Details	30 June 2024	30 June 2023
	TZS '000	TZS '000
Opening Balances	62,482,105	55,610,000
(Increase)/Decrease in Capitalized value of pension	-	(212,451)
Pension actuarial valuation	13,693,727	11,204,688
Pensions expense during the year	(5,352,706)	(4,120,132)
	70,823,126	62,482,105

WORKERS COMPENSATION FUND

Actuarial Assumptions

- a) In determination of pension capitalisation factor, actuarial valuation present value factor tables by age, sex and disability are used.
- b) Active beneficiaries who are receiving monthly pension payments as of June 2024 were considered in the valuation. The Valuation did not consider IBNR cases.
- c) Termination of the monthly pension payments are line with the current requirement of the Workers Compensation Act, Cap.263.

32. CONTRIBUTION INCOME

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Private sector contributions	33,446,393	49,358,236
Public sector contributions	50,814,122	31,509,152
Interest from late contributions payment	7,422,213	5,607,698
	<u>91,682,728</u>	<u>86,475,086</u>

33. INVESTMENT INCOME

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Interest from fixed deposits	2,410,345	878,152
Interest from call account	172,978	214,530
Gain on Proceeds from sell of treasury bonds	4,655,889	30,301,335
Interest from Treasury bonds	76,671,245	66,784,939
Interest from Corporate bonds	417,571	331,540
Dividend income	881,569	1,077,965
Gain in foreign exchange rates	682,041	60,582
Change in Market Value of Lands		63,000
Capital gain from Collective Investment schemes	1,991,874	2,687,299
	<u>87,883,512</u>	<u>102,399,342</u>

34. OTHER INCOME

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Service charges	106,570	84,386
Miscellaneous income	31,913	1,588
	<u>138,483</u>	<u>85,974</u>

35. BENEFIT EXPENSES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Benefit administration costs	1,945,341	759,251
Medical aids	3,421,170	3,101,211
Temporary disablement	1,133,333	1,020,050
Permanent disablement	2,708,000	2,231,114

WORKERS COMPENSATION FUND

	30 June 2024	30 June 2023
	TZS '000	TZS '000
		RESTATED
Funeral grants	15,200	14,600
Capitalised value of pension	13,693,727	11,204,688
Rehabilitation Services	147,863	12,428
Medical Advisory	243,445	317,632
Claims Provision	3,467,863	4,920,174
	<u>26,775,942</u>	<u>23,581,148</u>

36. IMPAIRMENT OF ASSETS

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Contribution Receivables (Note 21)	12,923,252	1,936,142
Bank balances (Note 18)	(568,807)	657,444
Staff loans (Note 23)	170,625	141,974
Fixed deposits (Note 9)	(106,552)	79,050
Computer Software (Note 28)	-	1,478,711
Corporate bonds	6,426	(26,788)
	<u>12,424,944</u>	<u>4,266,533</u>

37. INVESTMENT MANAGEMENT EXPENSES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Industrial projects expenses	104,877	201,227
Investment Training and Workshops	174,047	60,709
Site visits, meetings & Investment forums	74,818	95,011
Brokerage and Commissions	5,310	62,017
Other investment expenses	160,730	27,440
	<u>519,783</u>	<u>446,404</u>

38. FINANCE COSTS

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Lease Interest expense	51,789	64,592
	<u>51,789</u>	<u>64,592</u>

39. ADMINISTRATIVE EXPENSES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Staff costs [Note 39(A)]	16,371,236	14,185,852
Printing and stationery	187,916	223,412
Stakeholders' education and public awareness	1,333,463	784,922
Board Expenses	299,461	376,952

WORKERS COMPENSATION FUND

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Communication and Postage	561,162	563,527
Audit fees	200,000	200,000
Welfare	3,160,058	3,421,994
Compliance expenses	1,312,341	1,803,729
Repairs and maintenance	1,220,103	1,203,792
Training and conferences	1,127,283	418,675
Rent and Service charge	808,703	663,109
Depreciation expense lease	439,775	436,864
General office expenses	312,501	287,983
Donations	588,575	426,188
Depreciation and amortisation	932,241	1,088,803
Other administrative expenses	6,409,363	4,793,064
Total	35,264,181	30,878,866

39 (A): STAFF COSTS

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Salaries and allowances	14,558,948	12,552,054
Contribution to Social Security Institutions	1,812,288	1,633,798
	<u>16,371,236</u>	<u>14,185,852</u>

40. CONTRIBUTION TO THE GOVERNMENT

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Treasury Registrar	750,000	-
	<u>750,000</u>	<u>-</u>

During the year under the review, the Fund contributed to the consolidated Fund in support of various government initiatives. The payment is being made upon the request from the Treasury Registrar.

41. INCOME TAX EXPENSE

	30 June 2024	30 June 2023
	TZS '000	TZS '000
A: Amount recognised in statement of comprehensive income		
Current year	6,412,294	18,355,213
Changes in estimate relating to previous years	2,427,848	-
	8,840,142	18,355,213
Deferred tax		
Origination and reversal of temporary differences	(2,308,745)	(1,321,524)
Adjustments relating to previous years	-	(15,688)

WORKERS COMPENSATION FUND

	30 June 2024 TZS '000	30 June 2023 TZS '000
Income tax expense reported in the statement of comprehensive income	6,531,397	17,018,001
B: Reconciliation of income tax expense and tax on accounting profit		
Surplus before tax	86,893,342	129,722,859
Tax calculated at rate of 30%	26,068,002	38,916,858
Non-deductible expenses for tax purpose:		
Tax effect on disallowed administrative expenses	8,743,969	5,425,983
Tax effect on impairment of financial assets	3,930,092	1,287,996
It is Tax effect on disallowed depreciation charge	278,006	240,378
Tax effect on disallowed amortization of lease	131,932	131,059
Tax effect on disallowed amortization of software	1,666	86,263
Tax effect on disallowed Benefit expenses	8,032,783	7,228,762
Tax effect on deductible depreciation allowance	(47,109)	(104,669)
Tax effect on release impairment of financial assets	(202,608)	(8,036)
Tax effect on valuation adjustment	4,305,249	(997,682)
Tax effect on dividend income	(234,153)	(146,578)
Tax effect on deferred tax	(2,308,745)	(1,337,213)
Tax effect on office rent incurred	(52,897)	(95,729)
Tax Effects on Adjustments relating to previous years	2,427,848	-
Tax effect on exempt amount	(17,037,819)	(7,666,866)
Tax effect on contributions from employers	(27,504,819)	(25,942,525)
Income tax expense	6,531,397	17,018,001

42. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	30 June 2024 TZS '000	30 June 2023 TZS '000
Unrealized loss on marketable securities-FVOCI	(18,063,208)	1,482,741
Change in value listed equity investments	542,881	977,186
Change in value of unlisted equity investments	495,584	(1,945,199)
	(17,024,743)	514,728

Included in other comprehensive income is TZS 18.06 billion which represents a decrease in value due to changes in prices of treasury bonds as at 30th June 2024 (2023: gain of TZS 1.48 billion).

The gain of TZS 1,038 million was as follows; TZS 542.9 million resulted from increase in market value of CRDB shares, while the gain of TZS 495.58 million resulted from increase in value of shares of Azania and TCB Bank.

WORKERS COMPENSATION FUND

43. RELATED PARTY TRANSACTIONS

43.1 Parent and ultimate controlling party

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

a) Key management personnel compensation

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

	30 June 2024 TZS'000	30 June 2023 TZS'000
Senior management - salaries	2,109,830	2,109,830
Senior management - contribution to defined benefit schemes	254,189	254,189
Trustee's fees and allowances	102,000	102,000
	<u>2,466,019</u>	<u>2,466,019</u>

Compensation of the Fund's key management personnel includes salaries and contributions to the post-employment defined benefit plan. During the period ended 30 June 2024 the number of senior managements was 11.

b) Key management personnel transactions

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

44. CONTRACTUAL COMMITMENTS

Operating leases – Fund as lessee

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

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

WORKERS COMPENSATION FUND

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

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

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

45. CONTINGENT LIABILITIES

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

46. CAPITAL COMMITMENTS

During the year under review, The Fund had no any capital commitment.

47. EVENTS SUBSEQUENT TO FINANCIAL YEAR

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

48. CASH FLOWS RECONCILIATION

Details	Note	30 June 2024 TZS '000"	30 June 2023 TZS '000"
Contribution Received			
Contribution Income	32	91,682,728	86,475,086
Change in Receipts of deposits from unknown customers	29	(34,356)	(3,131,832)
Contributions Write Off	21	(4,802,678)	(30,139,223)
Contribution Received		76,434,297	81,845,361
Other Income Received			
Benefit Paid			
Benefit Expenses	35	26,775,942	23,581,148
Change in Stale Cheque, Benefit payable, pension and claims provision	29,30,31	(8,428,241)	(9,713,396)
Proceeding from Investment Income			
Investment Income (excluding gain in exchange, capital gain, change in market value of equities and impairment gain)	33	85,209,598	99,142,059
Corporate Bonds and Dividend	15	1,001,687	(1,500,301)
Payment for administrative expenses		86,211,285	97,641,758

WORKERS COMPENSATION FUND

Details		30 June 2024	30 June 2023
	Note	TZS '000"	TZS '000"
Admin Expenses (excluding depreciation)	39	33,851,377	29,353,199
Change in Prepayment, inventory and Other payables and accruals	19, 24, 20	9,576,150	(373,076)
Change in accrued admin Exp, Retention, and Other creditors(excluding stale cheques and unknown deposits)	29	(61,050)	735,944
Investment in Treasury bonds			
Closing balance (excluding interest receivables)	11	633,990,624	547,375,889
Opening balance (excluding interest receivables)	11	(547,375,888)	(448,951,289)
		86,614,736	98,424,600
Change in Bond Fund	10	-	(52,960)
Change in Liquid Fund	10	(1,181,931)	(106,378)
Change in Faida Fund	10	(3,114,635)	524,854
Capital Gain	33	1,991,875	(2,687,299)
Investment in Fixed Deposit			
Closing balance	9	21,505,799	29,984,925
Opening balance	9	(30,045,507)	(14,984,925)
Gain in exchange rate	33	(682,040)	-
Investment in Loans			
Closing balance	23	8,944,222	7,731,063
Opening balance	23	(7,731,063)	(6,769,316)
		1,213,159	961,747
Change in Lease Liability	26	502,435	(533,310)
		(502,435)	(533,310)
Advance towards Unlisted equity shares			
Closing balance	16	2,025,000	1,216,839
Opening balance	16	(1,216,839)	(1,187,115)
Investment in Listed equity Shares			
Closing balance	13	(24,035,371)	(23,492,490)
Opening balance	13	23,492,490	18,389,410
Change in Market Value	41	542,881	977,185