



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



TANZANIA INSURANCE REGULATORY AUTHORITY

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2021



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REPORT OF THE CONTROLLER AND AUDITOR GENERAL

About the National Audit Office

Mandate

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

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: “Modernizing External Audit for Stronger Public Confidence”

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Tanzania Insurance Regulatory Authority and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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ABBREVIATIONS

CAG	Controller and Auditor General
ISSAIs	International Standard of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
TZS	Tanzania Shillings
TIRA	Tanzania Insurance Regulatory Authority
WCF	Workers Compensation Fund
ZSSF	Zanzibar Social Security Fund

1.0. INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board,
Tanzania Insurance Regulatory Authority,
P.O. Box 9892,
Dar es Salaam.

1.1. REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Insurance Regulatory Authority, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Insurance Regulatory Authority as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting.

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 Tanzania Insurance Regulatory Authority 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 Director's Report and the 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 auditors 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 IPSAS 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap 418 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

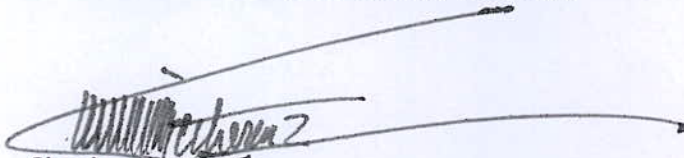
1.2.1. Compliance with the Public Procurement Laws

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 Tanzania Insurance Regulatory Authority for the financial year 2020/21 as per the Public Procurement Laws.

Conclusion

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



Charles E. Kichete
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
June 2023



2.0. REPORT OF THOSE CHARGED WITH GOVERNANCE

2.1. INTRODUCTION

The Directors submit their report together with the draft financial statements for the period of the year ended 30 June 2021. The report provides information on operations, financial position, cash flows position and the governance systems and structure of the Authority.

2.2. INCORPORATION

The Tanzania Insurance Regulatory Authority was established by the Insurance Act No. 10 of 2009 (“Insurance Act”). The main function of the Authority be to promote and maintain an efficient, fair, safe and stable insurance market for the benefit and protection of policyholders. The Authority has four zonal offices in the Mainland Tanzania and one office in Zanzibar.

Vision, Mission and Core Values of the Authority

Vision

The Authority envisions: “to be a world-class insurance regulator.

Mission

To develop, promote, maintain, inclusive, efficient, fair and stable insurance market for the benefit and protection of insurance beneficiaries.

Core Values

The core values of the Authority are Teamwork, Accountability, Competence, Transparency, Integrity and Customer Focus.

2.3. FUNCTIONS OF THE AUTHORITY

The Authority is charged with the following activities:

- i. To coordinate and implement policies on insurance matters;
- ii. To regulate and coordinate activities of insurers, brokers and agents
- iii. To specify the code of conduct for members of the insurance industry;
- iv. To effect supervision and monitoring of insurers, brokers and agents;
- v. To formulate standards in the conduct of the business of insurance which shall be observed by insurers, brokers and agents
- vi. To ensure proper observance of the code of ethics and practice by insurers, brokers and agents
- vii. To protect the interests of policy holders; and
- viii. To perform any other functions as may be necessary for the purpose of the Insurance Act.

2.4. OBJECTIVES OF THE AUTHORITY DURING THE PERIOD

Consistent with the Corporate Strategic Plan of 2019/20-2023/24 TIRA continued to pursue the following objectives:

- (i) Ensure legal and Regulatory framework enhanced;
- (ii) Ensure Insurance research and Market widened and deepened;
- (iii) The Insurance Ombudsman Service Enhanced;
- (iv) Insurance consumer protected and supported;
- (v) Authority Visibility Enhanced;
- (vi) financial resources and services Strengthened and managed;
- (vii) Organization Capability strengthened;
- (viii) National agenda on cross cutting issues adhered; and
- (ix) Business processes Automation Enhanced.

2.5. COMPOSITION OF THE BOARD

The National Insurance Board is established under section 13 of the Insurance Act No.10 of 2009 as amended by sections 151 and 152 of the Social Security Laws (Amendments) Act, 2012. The Board shall consist of the Chairman who is appointed by the President and seven members who are appointed by the Minister of Finance and Planning as follows: (a) one member from Association of Tanzania Insurers; (b) one member from Tanzania Insurance Brokers Association; (c) one member from Tanzania Insurance Agents Association; (d) one member from the Attorney Generals' Office; and (e) three members with adequate knowledge and experience in matters pertaining to finance, banking, economics and social security at least two of whom hail from either part of the United Republic.

A member of the Board shall hold office for a period of three years on such terms office and conditions as may be specified in the instrument of appointment and may be eligible for re-appointment for one more term. The Board's tenure came to an end on 11 April 2019. Following the end of the Board's tenure, the Authority has been under the direct supervision of the Permanent Secretary, Ministry of Finance and Planning who makes decisions that are to be made by the Board.

2.6. OPERATING AND FINANCIAL REVIEW

2.6.1. OPERATIONAL REVIEW

TIRA has two core Directorates whose functions are as follows:

Functions Of Directorate of Licensing and Market Conduct Supervision

- a. Registration and licensing;
- b. Market conduct supervision - follow up behavior of players in insurance industry;
- c. Handles matters to loss assessors, risk managers, surveyors, and re-insurance business matters;

- d. Deals with conduct of insurers on daily basis; and
- e. Enhancement of contacts or relationships with brokers, agents, assessors.

Table 1: Insurance Registrants for the the year 2020/21 and 2019/20

Registrants	2020/21	2019/20
Re insurance Company	2	1
Insurance Company	29	23
Insurance Broker	70	101
Insurance Agency	927	756
Local Reinsurance Brokers	4	4
Bancassurance Agent	19	14
Actuarial Firms	4	3
Loss Adjusters/Assessors	52	60
Total	1,107	962

Source: Insurance Registrant Register

Functions of Directorate of Surveillance and Prudential Supervision

- (i) Prudential supervision - financial analysis, solvency supervision,
- (ii) Implementation of risk based supervision - risk assessment of insurers,
- (iii) Risk based supervision,
- (iv) Statistics and Actuarial analysis,
- (v) Market surveillance,
- (vi) Monitoring of financial health & operational performance of insurance companies,
- (vii) Detect solvency and risk exposure of insurers

2.6.2. FINANCIAL REVIEW

i. Analysis of Statements of Financial Performance

Revenues from non-exchange transactions

Revenues from non-exchange transactions include service levy, miscellaneous fees, application fee, registration fees, annual fees, permit fees, and fines, penalties and forfeitures. As reflected in the statement of financial performance, revenues from non exchange transactions during the year 2020/21 is TZS 14.70 billion (2019/20: TZS 15.78 billion).

There is generally decrease in most of the revenue including Premium levy, fines, Fees and Penalties and other revenue.

Premium levy decreased from 13.3 billion in 2019/20 to TZS 12.7 billion in 2020/21 equivalent to 4.5 percent decrease, while fines, fees and penalties decreased from 1.81 billion in 2019/20 to TZS. 1.61 billion in 2020/21 equivalent to 10.9 percent decrease. The decrease of the premium levy and fines Fees and penalties may be attributed by the impact of COVID19 pandemic, decrease in new registered players and enhanced compliance.

The revenue categories that has significant impact on the overall revenues are service levy which contributes 86 percent of the total revenues (2019/20: 84 percent) and Accreditation fees with a contribution of 7 percent of the total revenues (2019/20: 7 percent).

Revenues from exchange transactions include gains from sale of insurance stickers. The income from sale of stickers during the period amounted to TZS 294.32 million (2019/20: TZS 349.66 million). The gain during the year represents a decrease of 19 percent. The decrease is generally due to the decrease in the sale of insurance stickers during the year.

Deductions from net assets

Expenses

During the year 2020/21, total expenses of the Authority amounted to TZS 13.63 billion (2019/20: TZS 14.86 billion). The decreased is equivalent to by 8.27% and was mainly due to cost reduction efforts made by the Management during the year.

Results for the period

The surplus during the year was TZS 1,061.84 million (2019/20: surplus TZS 922.12 million). When compared with the result of previous year, the surplus has increased by 15 percent.

The Authority is required to contribute 15% of its annual total revenues to Government Fund. In the financial year ended 30 June 2021, the contribution is TZS 2.18 billion (2019/20: TZS 2.40 billion). This decrease is equivalent to 9.0%. and was mainly due to decrease in revenues during the year.

ii. Analysis of Statements of Financial Position

Total Assets

Total net assets of the Authority amounted to TZS 9.60 billion (2020: TZS 8.67 billion) representing an increase of 11 percent. The increase is due to the net surplus recorded of TZS 1,061.0 million during the year.

Table 2: Total Net assets of the Authority

Description	2020/21 TZS '000'	% of total Assets	2019/20 TZS '000'	% of total assets
Capital Fund	603,403	6.29	603,403	6.29
Accumulated surplus	8,993,954	93.71	8,066,286	93.71
Total	9,597,357	100.00	8,669,689	100.00

Source: Financial Statements

iii. Analysis of Statements of Cash Flows

The Authority's cash and cash equivalents as at 30 June 2021 was TZS 1,875.24 million (2019/20: TZS 2,910.78 million).

The net cash outflow from operating activities was TZS (223.54) million (2019/20: TZS 2,177.23 million). The decrease in net outflows in operating activities was mainly due to cost reduction efforts by Management.

As at 30 June 2021, the amount of cash inflows from operating activities was TZS 13,749.24 million (2019/20: TZS 15,850.91 Million). Cash outflows from operating activities was TZS 13,972.78 Million (2019/20: TZS 13,673.69 Million). The net cash flow from financing activities was TZS 680.38 Million (2019/20: TZS 307.70 million).

2.7. CORPORATE GOVERNANCE

(i) Statement of compliance

The National Insurance 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 2021 and at the date of this report, the Authority applied the principles of, and was compliant with the requirements of, good corporate governance. In compiling this report, the Board referred to the legal and regulatory requirements, Internal Code of Ethics, 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 Authority has put in place internal mechanisms to ensure that this is achieved. These mechanisms include structure and practices of the Board and Management, Employees' roles as well as Whistle Blower Policy. These are explained hereunder:

(ii) Board Membership and responsibilities

The Authority is under the supervision of the National Insurance Board and the day to day management is entrusted to the Commissioner of Insurance. The Board normally comprises of eight members with diverse skills and knowledge all of whom are non-executive. A non-executive Chairman is by law appointed by the President.

The other members are appointed by the Minister responsible for Finance for a tenure of three years renewable as follows: (a) one member from Association of Tanzania Insurers; (b) one member from Tanzania Insurance Brokers Association; one member from Tanzania Insurance Agents Association; (d) one member from the Attorney Generals' Office; and (e) three members with adequate knowledge and experience in matters pertaining to finance, banking, economics and social security at least two of whom shall hail from either part of the United Republic.

Following the end of the Board's tenure on 11 April 2019 the Authority has been under the direct supervision of the Permanent Secretary, Ministry of Finance and Planning to the date of issuing these Financial Statements.

The Board is responsible for the success of the Authority and, through independent oversight of management, are accountable to the Government for the performance of the Authority.

The principal role of the Board is to set the Authority's strategic Plan and to regularly review its strategic direction. In doing this, the Board also has responsibility for corporate governance and oversees management's control and accountability framework.

A formal schedule of matters reserved by the Board has been established by the Directors. This covers areas such as review and approval of the audited financial statements, Corporate Plan, Annual Plans and Budget, significant capital expenditure, disposal of assets, significant change in accounting policies or practices, oversight of risk and the appointment of executive directors and managers.

The Commissioner of Insurance is appointed by the President after receiving recommendations of a suitable candidate from the Board. The Commissioner of Insurance is the Secretary to the Board. The appointment of Commissioner of Insurance is for a period of five years, subject to renewal upon satisfactory performance in the initial period.

As part of the annual financial planning process, the Board sets annual performance targets for the Authority based upon the the Authority's objectives. The Commissioner of Insurance establishes targets for the directorates and units which are then cascaded down throughout the Authority.

(iii) The Management

Commissioner of Insurance who is the Chief Executive Officer is appointed by the President of the United Republic of Tanzania. He is responsible for the day to day management of the Authority. He is assisted by a Deputy Commissioner who is also appointed by the President of the United Republic of Tanzania. The Deputy Commissioner, subject to any general or specific directives by the Commissioner, performs the functions and discharges duties of the Commissioner of Insurance in Zanzibar.

Under the Commissioner and Deputy Commissioner, there are six directorates namely: Directorate of Licensing and Market Conduct Supervision, Directorate of Finance, Directorate of Human Resources and Administration, Directorate of Surveillance and Prudential Supervision, Directorate of Legal Enforcement and Directorate of Market Development and Research.

The Authority has four Units directly reporting to the Commissioner of Insurance. These units are: Information and Communication Technology Unit; Procurement Management Unit; Internal Audit Unit and Corporate Communication Unit.

All members of Management report to the Commissioner of Insurance. The Commissioner of Insurance reports to the National Insurance Board. The Head of Internal Audit reports, administratively, to the Commissioner of Insurance and to the Board Audit Committee on functional matters.

2.8. FUTURE DEVELOPMENT PLANS

- (i) Automation of business processes through developing and implementing electronic systems for supervision of the Insurance Industry and complaints handling;
- (ii) To develop crisis management framework of the Insurance Sub-sector;
- (iii) To Finalise RBC and Stress testing frameworks and ensure implementation accordingly.
- (iv) To monitor implementation of actuarial guidelines issued to monitor the market;
- (v) To open eastern zone for supporting Lindi and Mtwara regions and Kigoma Regional office to support Kigoma and its neighbouring regions in order to continue taking regulatory and supervisory services closer to the public;
- (vi) To oversee implementation of Micro-insurance and Banc assurance practices in the market for expansion of insurance Business;
- (vii) To oversee implementation of practices relating to emerging insurance products including Agricultural, livestock and takaful insurance;and
- (viii) To pursue finalization of the National Policy on Insurance.

2.9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

- (i) Safeguarding Authority's resources;
- (ii) Effectiveness and efficiency of operations;
- (iii) Compliance with applicable laws and regulations;
- (iv) Reliability of accounting records and financial information;
- (v) Sustainability of the Authority's operations under normal and adverse conditions; and
- (vi) Responsive behavior towards stakeholders.

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

The Authority has developed Risk Management Frame work, which was duly approved by the Board. Every individual within the Authority is required to appreciate risks inherent at his/her place of work. Risk assessment responsibility rests under the Office of the Deputy Commissioner through Quality, Compliance and Risk Management Section. The Commissioner of Insurance is

the overall risk owner and ensures implementation of risk framework and supports all activities proposed to mitigate risks. In addition, it is the responsibility of Management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding the Authority objectives.

The availability of NEW TIRA MIS Mobile application system plays a tremendous role in reducing fraudulent practices in the market. The Board assessed the internal control systems throughout the financial year ended 30 June 2021 and is of the opinion that they met accepted criteria. The National Insurance Board implements risk and internal control assessment of the Authority through its Audit Committee.

2.10. SOLVENCY

The Management confirms that applicable International Public Sector Accounting Standards have been followed and that the financial statements have been prepared on a going concern basis. The going-concern assertion is based on the approval of the budget for the ensuing year, the positive historical trend of premium levies over the past years and absence of any decision to cease the operations. Management has reasonable expectation that the Authority has adequate resources to continue in its operational existence for the foreseeable future.

2.11. CAPITAL FUND

The capital fund of the Authority comprises the Assets which were contributed by the Government of TZS 603.40 million at the time of its formation. Refer note 21.

2.12. ACCUMULATED SURPLUS

As at 30 June 2021 the Authority's accumulated Surplus stood at TZS 9.0 billion (2019/20: TZS 8.07 billion). The increase of accumulated reserves was due to the recorded surplus of TZS 1,061.84 million during the year.

2.13. CORPORATE RELATIONSHIPS WITH STAKEHOLDERS

The Authority believes that stakeholders are the primary reason for the existence of the Authority. Several measures have been taken to institute a responsible behavior towards stakeholders. These measures include the establishment of forums in which the Authority meets with the stakeholders to discuss various matters affecting the market and the Policyholders. The Authority enjoys good and remarkable support from almost all stakeholders. Key to this relationship has been prompt communication across the stakeholders.

2.14. DIRECTORS' REMUNERATION

All the Directors are non-executive. The Directors were remunerated as approved by the Minister responsible for Finance.

2.15. ADMINISTRATIVE EFFICIENCY

The Directors consider administrative efficiency as the key to superior service delivery. The Authority has adopted the Government Accounting System that will facilitate a number of administrative activities. This will significantly improve administrative functions including stores, financial management, placing orders as well as management of fixed assets.

The authority is aware that the acquisitions of the systems requires considerable amount of resources and and resorted to adopt Government's procured/developed systems or develop systems at low cost to minimize administrative costs.

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

The existing internal control systems are invariably complied with. This has resulted in smooth operations of the Authority.

2.16. EMPLOYEES' WELFARE

(i) Management and Employees' Relationship

Employees and Management maintained good relationships for the year 2020/21. There had been no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between Management and the Trade union. During the year under review, Management facilitated implementation of all Workers' Council Meetings and this significantly contributed to enhanced employer-employee relationship at work place.

(ii) Training facilities

In order to develop suitable personnel in all relevant fields, the Authority provides training to its staff members at both local and foreign Institutions. For the year 2020/21 the Authority incurred TZS 86.37 million for training compared with TZS 199.05 million of the year 2019/20.

(iii) Medical Services

All members of TIRA staff are members of National Health Insurance Fund with effect from July 2015. In addition, TIRA meets all the uncovered medical expenses for its staff members together with their legal dependants in accordance with staff rules and regulations. The Authority contributes 4.5 percent while an employee contributes 1.5 percent to NHIF. In this financial year 2020/21, TIRA and Tanzania Insurance Ombudsman office has contributed a total of TZS 176.08 million to NHIF for its employees(2019/20:TZS 159.70 million). For financial year 2020/21 TIRA contributed TZS 43.85 million for Workers' Compensation Fund and ZSSF (2019/20:TZS 21.55 million).

(iv) Financial Assistance to Staff

The Authority provides various loans (short and long term) to its employees in accordance with TIRA Loans Policy and Staff Rules and Financial Regulations in force. These include housing loans, car loans, car maintenance loans, furniture loans and education loans.

(v) Persons with Disabilities

It is the policy of the Government not to discriminate persons with disabilities in recruitment. The Authority has a recruitment policy and Training manual, which accommodates all staff without discrimination.

(vi) HIV/AIDS and Non Communicable Diseases Awareness Program

The Authority has put in place a Committee that, among other things is responsible for educating staff on HIV/AIDS and Non-Communicable Diseases. In the year under review, the Authority did not conduct training of such kind. The training budget was reviewed to meet the urgent need for that time. Hence training in HIV/AIDS and Non- Communicable Diseases planned in the financial year 2021/22.

2.17. GENDER PARITY

The Authority is an equal opportunity employer. As at 30 June 2021 the Authority had the following distribution of employees by gender:

Table 3: Authority Staff Distribution

Gender	2020/21	2019/20
Male	54	55
Female	34	32
Total	88	87

Source: TIRA staff Establishments

2.18. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are disclosed under Note 24 of the financial statements.

2.19. ENVIRONMENTAL CONTROL PROGRAM

The Authority monitors the impact of its operations to the environment, which is mainly through the use of power, water and the generation of waste. The Authority minimizes its impact through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

2.20. POLITICAL DONATIONS

The Authority did not make any political donations during the period.

2.21. CORPORATE SOCIAL RESPONSIBILITY

In fulfilling its corporate social responsibility, for the year 2020/21 the Authority spent TZS 23.65 million (2019/20: TZS 24.53 million) as donations to support the community in which the Authority operates in form of social and financial aid. Donations made by the Authority were

mainly in the areas of education, health, sports, environmental conservation and corporate governance.

2.22. COMPLIANCE TO LAWS AND REGULATIONS

In performing the activities of the Authority, various laws and regulations having the impact on the Authority's operations are observed as a tool for financial management. These are Financial Regulations, Staff Rules and Regulations, Insurance Act No. 10 of 2009, Income Tax Act, 2004, and Public Procurement Act, 2011 and related regulations.

2.23. SERIOUS PREJUDICIAL MATTERS

During the period ended 30 June 2021, the authority has one litigation in the court at the court of appeal, however according to the advice of Independent lawyer the claim has no serious impact to the Authority. Details of the case refer note 27.

2.24. ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements have been disclosed in Note 2 to the financial statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Authority.

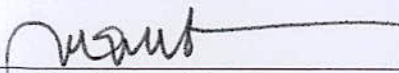
2.25. STATEMENT OF COMPLIANCE

The Director's report has been prepared in full compliance with requirements of the Tanzania Financial Reporting Standards No.1-Directors' Report.

2.26. AUDITORS

The Controller and Auditor General is the statutory Auditor of the Tanzania Insurance Regulatory Authority (TIRA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under Section 30 of the Public Audit Act, Cap 418.

BY THE ORDER OF THE BOARD



CPA. Moremi A. Marwa
Chairman of the Board

25/5/2023
Date



Dr. Baghayo A. Saqware
Commissioner of Insurance

25/5/2023

3.0. STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE PERIOD ENDED 30 JUNE 2021

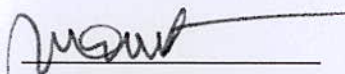
These financial statements have been prepared by the Management of the Tanzania Insurance Regulatory Authority in accordance with the provisions of Sect 25(4) of the Public Finance Act. No 6 of 2001 (Revised 2004). The financial statements as required by the said Act are presented in a manner consistent with the International Public Sector Accounting Standard (IPSAS) Accrual Basis of Accounting.

The National Insurance Board is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by Tanzania Insurance Regulatory Authority.

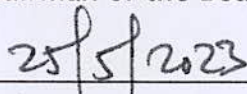
To the best of my knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the 2020/21 financial year.

We accept responsibility for the integrity of the financial statements, the information they contain and their compliance with the Public Finance Act No. 6 of 2001 (revised 2004).

BY THE ORDER OF THE BOARD



CPA. Moremi A. Marwa
Chairman of the Board



Date

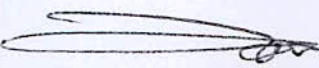
4.0. DECLARATION BY THE HEAD OF FINANCE OF TANZANIA INSURANCE REGULATORY AUTHORITY

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

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on preceding page.

I **CPA Gambamala M. Luchunga** being the Head of Finance of Tanzania Insurance Regulatory Authority (TIRA) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Tanzania Insurance Regulatory Authority (TIRA) as on that date and that they have been prepared based on properly maintained financial records.

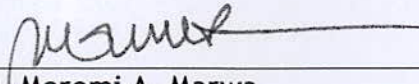
Signed by: 
Position: Director of Finance
NBAA Membership No., ACPA1557
Date: 25/05/2023

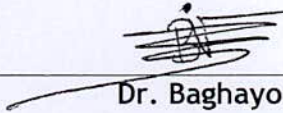
5.0. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTE	2020/21 TZS' 000	2019/20 TZS' 000
Current Assets			
Cash and Cash Equivalents	4	1,875,235	2,910,782
Trade Receivables	5	4,619,932	3,680,305
Staff loan and other receivable	6	1,866,620	1,603,069
Prepayments	7	123,635	18,052
Inventories	8	86,821	135,957
Total Current Assets		8,572,243	8,348,165
Non Current Assets			
Property, Plant and Equipment	10	4,036,990	4,210,460
Intangible Assets	9	678,062	530,736
Total Non current Assets		4,715,052	4,741,196
TOTAL ASSETS		13,287,295	13,089,361
LIABILITIES			
Current Liabilities			
Payables and Accruals	11	3,689,938	4,419,672
Total Current Liabilities		3,689,938	4,419,672
TOTAL LIABILITIES		3,689,938	4,419,672
NET ASSETS		9,597,357	8,669,689
NET ASSETS/ EQUITY			
Capital contributed by:			
Taxpayer/ Share Capital	12	603,403	603,403
Accumulated Surplus/Deficit	13	8,993,954	8,066,286
TOTAL NET ASSETS/ EQUITY		9,597,357	8,669,689

Notes form part of the financial statements that were approved for issue and signed on behalf of the Board of Directors by:


 CPA. Moremi A. Marwa
 Chairman of the Board


 Dr. Baghayo A. Saqware
 Commissioner of Insurance

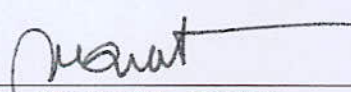
Date: 25/5/2023

Date: 25/5/2023

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

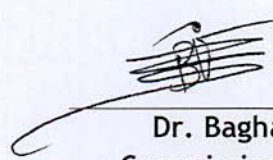
	Note	2020/21 TZS '000	2019/20 TZS '000
REVENUES			
Revenues from Non-Exchange Transactions			
Premium Levy	14	12,699,182	13,291,171
Fees, Fines , Penalties	15	1,613,734	1,811,924
Other Revenue	16	81,634	326,690
Gain on foreign translation	18	2,542	-
Revenue from Exchange transaction	17	<u>294,315</u>	<u>349,657</u>
TOTAL REVENUES		14,691,407	15,779,442
EXPENSES AND TRANSFER			
Wages, Salaries and Employee benefits	19	6,715,351	6,179,430
Social Benefits	20	801,252	1,024,410
Supplies and Consumable used	21	3,374,851	4,422,009
Maintenance Expenses	22	118,096	289,658
Loss on Foreign Exchange translation	18	-	2,431
Depreciation Charges	10	359,098	480,363
Amortization Charges	9	<u>83,876</u>	<u>83,876</u>
Total Expenses		11,452,524	12,482,178
Transfer			
Grant, Subsidies, and other Government transfer	23	<u>2,177,047</u>	<u>2,375,140</u>
Total transfer		2,177,047	2,375,140
TOTAL EXPENSES AND TRANSFER		13,629,571	14,857,318
Surplus for the year		1,061,836	922,124

Notes form part of the financial statements


 CPA Moremi A. Marwa
 Chairman of the Board

Date:

25/5/2023


 Dr. Baghayo A. Saqware
 Commissioner of Insurance

Date:

25/5/2023

STATEMENT CHANGE IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Tax payers fund TZS '000'	Accumulated Surplus TZS '000'	Total TZS '000'
Year ended 30 June 2020			
Balance as at 1 July 2019	603,403	7,144,162	7,747,565
Surplus for the year	0	922,124	922,124
Balance as at 30 June 2020	603,403	8,066,286	8,669,689
Year ended 30 June 2021			
Balance as at 1 July 2020	603,403	8,066,286	8,669,689
Adjustment(Note 27)	0	(134,168)	(134,168)
Surplus for the year	-	1,061,836	1,061,836
Balance at 30 June 2021	603,403	8,993,954	9,597,357

Notes form part of the financial statements

TANZANIA INSURANCE REGULATORY AUTHORITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/21 TZS' 000	2019/20 TZS'000
Receipts			
Fees, fines, penalties & forfeits	26(d)	1,613,734	1,812,499
Premium Levy	26(a)	11,759,555	13,369,039
Other Revenue	16	81,634	326,689
Revenue from Exchange transaction	26e	294,315	257,473
		<u>13,749,238</u>	<u>15,765,700</u>
Less:Payments			
Wages, Salaries and other employee benefits	26(b)	6,597,582	7,013,047
Supplies and Consumable used	26(c)	3,543,879	4,051,079
Social Benefits	20	801,252	1,024,410
Maintenance Expenses	22	118,096	289,658
Grant, subsidies and other payment transfer	26(f)	2,911,968	1,295,492
		<u>13,972,777</u>	<u>13,673,686</u>
Net Cash flow from/(used in) operating activities [A]		(223,539)	2,092,014
Cash flow from Investing activities			
Acquisition of fixed assets	9&10	(416,830)	(307,690)
Net staff loan repayment/issue	26(g)	(263,552)	85,211
Net Cash flow from Investing Activities [B]		(680,382)	(222,479)
Cash flow from Financing Activities			
Decrease in Retained earning	27	(134,168)	0
Net Cash flow from financing Activities(C)		(134,168)	0
Net Increase/(Decrease) in cash and cash equivalent [A+B+C]		(1,038,089)	1,869,535
Cash and Cash equivalent at beginning		2,910,782	1,043,678
Effects of currency translation on cash and cash equivalents		2,542	(2,431)
Cash and cash equivalents at the end of period		<u>1,875,235</u>	<u>2,910,782</u>

Notes form part of the financial statements

TANZANIA INSURANCE REGULATORY AUTHORITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30
JUNE 2021

	Original Budget TZS(000)	Reallocat ion/Adjus tment TZS(000)	Final Budget TZS(000)	Actual Amounts on Comparable Basis	Difference: Final Budget and Actual
Revenues					
Fines, Fees, Penalties	1,843,725	-	1,843,725	1,613,734	(229,991)
Premium levy	12,779,549		12,779,549	11,759,555	(1,019,994)
Other Revenue	821,021	0	821,021	81,634	(739,387)
Revenue from Exchange transaction	270,300	0	270,300	294,315	24,015
Total Revenues	15,714,595		15,714,595	13,749,238	(1,965,357)
Expenses					
Grants, and other transfer payment	2,361,424			2,911,968	(583,479)
Maintanance Expenses	93,510	(32,935)	2,328,489	118,096	52,570
Other Expenses	268,290	77,156	170,666	0	231,506
Social Benefits	804,000	(36,784)	231,506	0	231,506
		25,119,	829,119	801,252	27,867
Supplies and Consumable	3,698,735	648,629	4,347,364	3,543,879	803,485
Wages, Salaries and Employees benefits	7,975,436	(796,394)	7,179,042	6,597,582	581,460
Acquistion of Fixed assets	513,200	115,209	628,409	416,830	211,579
Net increase in staff loans	0	0	0	263,552	(263,552)
Decrease in Taxpayer fund	0	0	0	134,168	(134,168)
Total Payment	15,714,595	0	15,714,595	14,787,327	927,268
Net increase / (Decrease)	0	0	0	(1,038,089)	(1,038,089)

Notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

The Tanzania Insurance Regulatory Authority was established by the Insurance Act No. 10 of 2009 (“Insurance Act”). The main purpose of the Authority be to promote and maintain an efficient, fair, safe and stable insurance market for the benefit and protection of policyholders. The Authority has four zonal offices in the Mainland Tanzania and one office in Zanzibar.

The Authority is governed by the Board of Directors under the Ministry of Finance and Planning. The address of its registered office is:

LAPF Building, 5th floor,
Plot No. 4/5, Makole Road,
P.O. Box 2987
DODOMA, Tanzania.

The information given above is a summary only. For detailed and complete information about the Authority, reference should be made to the Directors Report which is an integral part of these financial statements and the Insurance Act, which can be accessed at www.tira.go.tz

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

(i) Compliance with IPSAS

The financial statement have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

(ii) Historical cost conventions

The financial statements have been prepared on historical cost basis except where otherwise stated in the accounting policies. The financial statements are presented in Tanzanian Shillings (TZS), which is also the Authority’s functional currency, rounded to the nearest thousand (TZS’000), except where otherwise indicated.

(b) Changes in Accounting Policies and Disclosures

(i) New and amended Standards adopted

In the current year, the Authority applied all relevant IPSSAs issued by the International Public Sector Accounting Standard Board (IPSASB) that are mandatorily effective for accounting periods that begin on or after 1 July 2019. There are no standards or interpretations that are effective for the first time for the financial year beginning on or after the 1 July 2019 that would have material impact on the Authority's financial statements.

(ii) New Standards that are not yet effective and have not been early adopted.

IPSAS 41 - Financial Instruments

IPSAS 41 – Financial Instruments was issued by the International Public Sector Accounting Standard Board (IPSASB) in August 2018. The objective of the standard is to establish principles for the financial reporting of the financial assets and financial liabilities that will present relevant and useful information to users of the financial statements for their assessments of the amounts, timing and uncertainty of an entity's future cash flows. This standard is effective for the financial statements beginning on or after 1 January 2022, with an option for earlier adoption.

IPSAS 42 - Social Benefits

IPSAS 42 – Social Benefits was issued by the International Public Sector Accounting Standard Board (IPSASB) in January 2019. The objective of the standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements assess the nature of such benefits, the key features of the operations of such social benefit schemes and impact of the social benefits on the entity's financial performance, financial position and cash flows. This standard is effective for the financial statements beginning on or after 1 January 2022, with an option for earlier adoption.

(c) Changes in Classification and Presentation

Following the adoption of government accounting system (**Mfumo wa Ulipaji Serikalini MUSE**), the classification of financial transaction, and presentation of financial statement has been changed to align with the system.

The financial statement has been presented as per nature and not function which were used before.

(d) Use of estimates and Judgment

The preparation of the financial statements in conformity with the IPSAS requires management to make judgements, estimates and assumptions that affect application of

policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Key estimates management has made in the preparation of the financial statements concerns accruals, the useful lives of property and equipment and intangible assets. The estimated useful lives of these assets are set out in the relevant Notes.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any affected future periods.

(e) Revenue Recognition

Revenues received by the Authority arise both from exchange and non-exchange transactions. Non-exchange transaction is a transaction in which the Authority either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from Non-Exchange Transactions

For non-exchange transactions, revenue recognition is based on an assessment of whether an asset or a liability has been created. The specific recognition criteria described below must also be met before revenue is recognized.

(i) Premium Levy

Premium levy is charged from the insurance business generated by insurance companies. The Authority recognizes premium levy as revenues when the companies underwrite business.

(ii) Fines & Penalties

Fines and Penalties are recognized when it is probable that the future economic benefits or service potential associated with the assets will flow to the entity. The Authority recognizes Fines and Penalties as income when enforceable events occur.

(iii) Accreditation Fee

Accreditation fee are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably. TIRA recognizes revenue from Accreditation fee when an Insurer or Broker qualifies for an insurance business licence. 2

(iv) Annual Fee

Revenue from Annual fee is recognized when an Insurance player qualifies for a new insurance business license. When the approval for license is granted, revenue for the said transaction is recognized in the books of accounts.

(v) Registration Fee

Revenue from Registration fee is recognized when an Insurance player qualifies for a new insurance business license. When the approval for license is granted, revenue for the said transaction is recognized in the books of accounts.

(vi) Application Fee

Accreditation fee are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and the fair value of the asset can be measured reliably. Revenue from Application fee is recognized once it is received by TIRA as it non-refundable.

Revenue from Exchange Transactions

Revenue is recognized when it is probable that future economic benefits or service potential will flow to the Authority and these benefits can be measured reliably regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from the sale of goods is recognized when significant risks and rewards have been transferred, the Authority neither retains continuing managerial involvement or effective control over the goods and cost incurred can be reliably measured.

The following specific recognition criteria described below must also be met before revenue is recognized.

(i) Insurance Stickers

Revenue from the sale of sticker is recognized when all the following conditions are satisfied: TIRA has transferred to the insurance companies the significant risks and rewards of ownership of the Stickers; TIRA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the sold stickers; the amount of revenue can be measured reliably if the books of the stickers are handed over to the insurer.

(f) Expenses

Under accrual basis expenditure is recorded in the accounts when it is incurred and not necessarily when it is paid for. The timing of recognition of expenses and assets will occur when the goods and/or services are received by (that is 'delivered' to) the Authority.

Expenses for services are recognized in line with agreed milestones. Where precise details of the exact costs are unknown at the year-end, an estimate of the extent of the service delivered up to the year-end is made. Where there is one specific act noted within a service contract that is more significant than the rest of the acts under the contract, expense recognition is postponed until the significant act has been carried out.

(g) Lease agreement

All leases are classified, at their inception, as finance or operating. *Operating Lease*: the lease is classified as operating lease if it does not transfer substantially all risks and rewards incidental to ownership of an asset. The Authority has only operating leases in the form of office rent.

(i) Authority as a lessee

Lease payments under an operating lease is recognized as an expense on a straight-line basis over the lease term. The straight-line basis spreads out the actual cost of lease equally over the lease term.

If the lease is classified as a finance lease, at the commencement of the lease term, the Authority recognizes the assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities shall be recognized at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

A depreciation expense and a finance expense will be recorded in each accounting period for the assets held under a finance lease. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term or its useful life.

(ii) Authority acts as a lessor

When the Authority leases out under an operating lease, the Authority recognizes the revenue on a straight-line basis over the lease term, and all costs, including depreciation, incurred in earning the lease revenue are recognized as an expense. The item of PP&E is included in the statement of financial position based on the nature of the asset.

When the Authority leases out under a finance lease, the Authority recognizes the present value of the lease payments as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance revenue.

Lease payments relating to the accounting period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue. The recognition of finance revenue is based on a constant periodic rate of return on the lessor's net investment in the lease

(h) Property, Plant and Equipment

Property, Plant and Equipment (PP&E) is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price and any costs directly attributable to bringing the asset to its location and condition including associated costs. For PP&E acquired at nil or nominal cost (including donated assets), the cost will be measured at the fair value of the asset.

Once identified as an asset based on recognition criteria, the asset is recorded as an item of PP&E. Asset under construction costs will be capitalized if they are directly identifiable exclusively to the construction of the particular assets or group of assets and meet the required thresholds.

A gain or loss resulting from the disposal of PP&E arises where proceeds from disposal differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance.

Subsequent Recognition

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost exceeds the established threshold for initial recognition. Repairs and maintenance (day-to-day servicing) are charged to surplus or deficit in the statement of financial performance in the year in which they are incurred.

Subsequent Measurement

The organization has elected the cost model to measure PP&E after initial recognition. PP&E is depreciated over their estimated useful life using the straight-line method except for land and assets under construction, which are not subject to depreciation.

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

Asset	Depreciation Rate
Motor Vehicles	20.0%
Furniture & Fittings	20.0%
Office Equipment	20.0%
Computers Hardware	25.0%
Office Buildings	2.00%
Plant and Machinery	20.0%

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

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

An item of Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognized.

(i) Intangible Assets - Software

Recognition and Measurement

Intangible assets acquired are measured at cost on initial recognition except for items donated to the Authority. Such goods should be measured at fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged in the statement of financial performance in the year in which the expenditure is incurred.

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

The amortization expense on intangible assets is recognized in the statement of financial performance. The annual rate of amortization, which has been consistently applied, is 10% per annum.

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

The carrying value of intangible assets as at the year-end is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(j) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments are receivables, cash and cash equivalents and accounts payable. Non-derivative financial instruments are recognized initially at fair value plus, for instrument not at fair value through surplus or deficit, any directly attributable transaction cost. Subsequent to initial recognition, non-derivative financial instrument are measured at amortized cost using the effective interest rate method, less any impairment losses, if any.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in value of the asset.

Impairment losses are recognized in surplus or deficit in the Statement of Financial Performance in the year they arise.

Non-derivative financial instruments are categorized as follows:

- (i) Loans and receivables - these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.
- (ii) Held to maturity investments- these are investments with fixed determinable maturity dates; and
- (iii) Financial liabilities measured at amortized cost - this relates to all other liabilities that are not designated at fair value through surplus or deficit.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Derecognition

Loans and receivables are derecognized when the rights to receive cash flows have expired or have been transferred and the Authority has transferred substantially all risks and rewards of financial asset.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to set off the amounts and intends either 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 when permitted by the accounting standards or for gains and losses arising from a group of similar transactions.

Accounts payable and accrued expenses:

Accounts payables and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoice amounts, less payment discounts at the reporting date. Payables are recognized and subsequently measured at their nominal value as they are generally due within 12 months.

Provisions, Contingent Liabilities and Assets

Provisions are recognised when the Authority has a legal or constructive obligation arising from a past event, and it is probable that an outflow of the Authority's financial resources will be required to settle the obligation. Provisions are measured as Management's best estimate of the amount with which the liability is expected to be settled.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Financial instruments classified as cash equivalents.

(l) Impairment of financial assets

The Authority assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ExpectedCreditLosses that have not yet been incurred) discounted using the asset's original Effective Interest Rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Authority. If a previous write-off is later recovered, the recovery is credited to the credit loss expense. Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(m) Impairment of non-financial assets

The Authority 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 Authority estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value

less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(n) Inventory- Stationery and consumables

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

(o) Employees' benefits

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

(p) Other employees' entitlements

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

(q) Foreign Currencies Translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in foreign currencies during the period are converted into Tanzania Shillings ("TZS") at rates prevailing at the transaction dates. Monetary items denominated in foreign currency are translated using the functional currency spot exchange rate as at the reporting

date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

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

(r) Changes in Accounting Policies

The detailed accounting policies shall be applied consistently for similar transactions from one period to the next because users of the financial statements need to be able to compare the financial statements over time.

A change in accounting policy should be made by the Authority only if:

- The change is required by an IPSAS Standard; or
- If the change will result in the financial statements providing reliable and more relevant information about the effects of transactions on the financial position, financial performance or cash flows.

(s) Comparatives

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

The Authority's activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rates, and price risk. The Authority seeks to minimize its exposure to financial risk. It uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, accounts receivable and accounts payable.

The following are specific risks to which the Authority is exposed:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency risk

Currency risk refers to the risk of loss due to adverse movements in foreign exchange rates. The Authority's exposure to currency risk on purchases other than the functional currency is not significant. The currency in which these transactions primarily are denominated is Tanzanian Shilling. Foreign exchange gains and losses resulting from settlement, or translation of year end monetary balances denominated in foreign currencies are recognized in the statement of financial performance.

Measures, including having specific USD denominated bank account, are taken to minimize the Authority's exposure to the currency. The Authority operates separate bank accounts in US Dollars. The Authority incurs currency risk as a result of the conversion of foreign Currency balances held in these bank accounts to Tanzanian Shilling at period end. The currency risk associated with this balance is considered minimal and therefore the Authority does not hedge its foreign currency exposure.

Foreign rate risk

Foreign currency transactions are translated to Tanzanian Shilling at exchange rates at the dates of the transactions.

Interest rate risk

Interest rate arises from possible impact of changes in the interest rates on the value of financial instruments. The Authority's exposure to the risk of changes in market interest rates is minimal as it does not hold fixed income investments. All financial instruments are recognised in the statement of financial position at their fair values.

Liquidity risk

Liquidity risk is the risk of failing to meet obligations when they fall due. The Authority manages liquidity risk by maintaining a bank balance which is adequate to meet its obligations. Management performs cash flow forecasting and monitors rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Credit risk

Credit risk is the risk that the counterparty to any financial transaction may not be able to fulfil its obligation on due date. Apart from staff advances, the Authority does not have significant concentration of credit risk in other areas.

In the normal course of business, the Authority incurs credit risk from accounts receivable and transactions with banking institutions. The Authority manages its exposure to credit risk by holding bank balances in the Bank of Tanzania and Tanzanian registered banks and maintaining credit control procedures over accounts receivable.

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As at 30 June 2021, the total amount of cash and cash equivalents was TZS 1,875 million (30 June 2020: TZS 2,910 million) held with Bank of Tanzania and the National Bank of Commerce Limited CRDB Plc and NMB Ltd in the form of demand deposits. Recoverable from non-exchange transactions and receivables from exchange transactions excluding prepayments as at 30 June 2021 totaled TZS 6,474.02 million (30 June 2020: TZS 5,301.43 million).

The Authority does not require any collateral or security to support financial instruments and other receivables it holds due to low risk associated with the realization of these instruments.

4	CASH AND CASH EQUIVALENT	2020/21	2019/20
		TZS' 000	TZS' 000
	BOT Ownsource collection account	799,349	1,240,828
	Deposit General Cash Account	178,721	0
	Loan Cash Account	184,010	34,699
	Own source collection A/C-CRDB	1,591	4,335
	Ownsource collection account -NBC	14,048	48,051
	Ownsource Recurrent Expenditure-GF	566,928	426,132
	Unapplied Cash Account	109,806	0
	USD BOT Collection Account	13,724	1,093,126
	USD Commercial Collection Account	7,058	63,612
	Total	<u>1,875,235</u>	<u>2,910,782</u>
5	TRADE RECEIVABLES	2020/21	2019/20
		TZS' 000	TZS' 000
	Trade Receivable	4,612,822	3,673,195
	Other receivable(Rent deposit)	7,110	7,110
	Total	<u>4,619,932</u>	<u>3,680,305</u>
6	STAFF LOAN RECEIVABLES	2020/21	2019/20
		TZS' 000	TZS' 000
	Imprest Receivable	193,120	43,022
	Principal Staffs Loan Receivable	1,673,500	1,560,047
	Total	<u>1,866,620</u>	<u>1,603,069</u>
7	PREPAYMENTS	2020/21	2019/20
		TZS' 000	TZS' 000
	Advance supplies of Goods and Services	123,635	18,052
	Total	<u>123,635</u>	<u>18,052</u>

The amount of prepayment relate to Deposit paid to GPSA for the purchase of office car and cost of purchases of staff fuel for July 2021.

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8	INVENTORIES	2020/21 TZS' 000	2019/20 TZS' 000
	Consumables	35,673	35,915
	Printed matters	51,148	100,041
	Total	86,821	135,957

The amount of consumables relate to stationeries for office use and Printed matters is the balance of Motor Insurance stickers for sales to the Insurance companies.

9	INTANGIBLE ASSETS	2020/21 TZS' 000	2019/20 TZS' 000
	Cost as at beginning	838,764	838,764
	Additions /(Deduction)	231,202	-
	Cost at year end 30 June 2019	1,069,966	838,764
	Amortization		
	as at beginning of the year	308,028	224,152
	Charges during the year	83,876	83,876
	Amortization as at year end	391,904	308,028
	Net book value at 30 June	678,062	530,736

The Intangible assets includes TIRA RBS system which is a Supervisory software acquired by TIRA to perform the following functions:

- i. Periodical Statutory returns submission and any other statistical data required from registrant.
- ii. Data Analysis and provision of early warning ratios on Risk areas, and online licensing of Insurance registrants.

Also, it includes TIRA MIS system which was developed for checking the authenticity of the sold Motor Insurance stickers in the market, and Reinsurance portal for use by registrants for filling request on externalization of business.

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10 PROPERTY PLANT AND EQUIPMENTS

	Office Equipment	Furniture and Fittings	Computer Hardware	Motor Vehicles	Land and Buildings	Land	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000		TZS '000
Year ended 30 June 2021							
COST							
At start of year	489,316	394,964	504,525	946,615	1,386,220	2,032,650	5,754,290
Additions during the year	15,648	51,952	118,028	-	-	-	185,628
Costs as at 30 June 2020	504,965	446,917	622,553	946,616	1,386,220	2,032,650	5,939,918
DEPRECIATION							
At the start of the year	(217,954)	(222,877)	(443,089)	(549,737)	(110,174)		(1,543,831)
Current Depreciation	(48,733)	(53,443)	(39,875)	(189,323)	(27,724)		(359,098)
	(266,687)	(276,320)	(482,964)	(739,060)	(137,898)		(1,902,929)
Values as at 30 June 2021	238,278	170,597	139,589	207,555	1,248,322	2,032,650	4,036,990
Year ended 30 June 2020							
COST							
At start of year	442,158	362,875	404,152	818,546	1,386,220	2,032,650	5,446,601
Additions during the year	47,158	32,089	100,373	128,069	-	-	307,689
Costs as at 30 June 2020	489,316	394,964	504,525	946,615	1,386,220	2,032,650	5,754,290
DEPRECIATION							
At the start of the year	(147,917)	(141,876)	(321,880)	(369,345)	(82,450)	-	(1,063,468)
Current Depreciation	(70,037)	(81,001)	(121,209)	(180,392)	(27,724)		(480,363)
	(217,954)	(222,877)	(443,089)	549,737	(110,174)		(1,543,831)
Values as at 30 June 2020	271,363	172,087	61,436	396,878	1,276,046	2,032,650	4,210,460

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11	PAYABLES AND ACCRUAL	2020/21	2019/20
		TZS' 000	TZS' 000
	15% of Revenue Contribution to CF	1,881,753	2,616,674
	Accrued Expenses	153,351	180,147
	Advance Received	3,850	3,850
	Deposit General	178,721	0
	Gratuity Payable	158,246	94,990
	Misc Deduction	48,030	0
	Miscellaneous Other Payables	426,379	402,151
	Pay as you earn	103,567	120,674
	Social Security Contribution	68,625	21,233
	Tax payable to Government entities	21,564	21,564
	Supplies of goods and Services	463,129	958,389
	Unapplied Deposit Account	107,200	0
	Withholding Tax	5,736	0
	Staff Claims	69,788	0
		<u>3,689,938</u>	<u>4,419,672</u>
12	TAX PAYERS FUND/SHARE CAPITAL	2020/21	2019/20
		TZS' 000	TZS' 000
	Subvention from Government	603,403	603,403
	Total	<u>603,403</u>	<u>603,403</u>
<p>The capital fund of the Authority comprises the Assets which were contributed by the Government of TZS 603,403,404 at the time of its inception.</p>			
13	ACCUMULATED SURPLUS	2020/21	2019/20
		TZS' 000	TZS' 000
	Balance at the beginning	8,066,286	7,144,162
	Surplus/(Deficit) for the year	1,061,836	922,124
	Adjustment during the year(Note 27)	(134,168)	-
	Total	8,993,954	8,066,286
14	PREMIUM LEVY	2020/21	2019/20
		TZS' 000	TZS' 000
	Fire Insurance	2,390,754	1,555,920
	Engineering Insurance	350,919	1,083,014
	Motor Insurance	3,452,697	3,319,003
	Accident Insurance	734,993	859,857
	Marine Insurance	440,399	504,963
	Aviation Insurance	469,585	907,970
	Health Insurance	2,040,249	1,992,500
	Oil and Gas Insurance	49,614	168,177

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14	PREMIUM LEVY	2020/21	2019/20
		TZS' 000	TZS' 000
	Other General Insurance	596,429	1,101,860
	Life Insurance	2,173,543	1,797,907
	Total	12,699,182	13,291,171

Premium levy refer to 1.5% charged from the insurance business generated by insurance companies.

15	FINES,FEES AND PENALTIES	2020/21	2019/20
		TZS' 000	TZS' 000
	Fines, Fees and Penalties	83,255	272,935
	Accreditation fees	1,045,279	1,057,339
	Annual Licence Fees	251,300	232,000
	Registration Fees	233,900	249,650
	Total	1,613,734	1,811,924

Accreditation, an amount imposed to Reinsurance Companies and Brokers to control the Externalization of Insurance business. The Conditions requires that all foreign reinsurance Companies and Brokers seeking to transact insurance business with Tanzania registered insurers must earn an Accreditation letter from TIRA after payment of the required fee and meeting all the required conditions. The amount of fines and penalties relate to the amount imposed to Insurance Players, for non-compliance with the Insurance Act. It includes delays in submission of quarterly returns, late renewal of licence and market misconduct.

During the year, TZS 1,613,734,000 (2019/20:TZS 1,897,709,000) was the cash collected.

16	OTHER REVENUE	2020/21	2019/20
		TZS' 000	TZS' 000
	Application fee	32,950	30,775
	Receipts from Miscellaneous fees	48,684	295,914
	Total	81,634	326,689

17	REVENUE FROM EXCHANGE TRANSACTION	2020/21	2019/20
		TZS' 000	TZS' 000
	Stickers Sales	294,315	349,657
	Total	294,315	349,657

During the year, TZS 294,315,000 (2019/20:TZS 257,473,000) was the cash collected.

18	GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION	2020/21	2019/20
		TZS' 000	TZS' 000

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	Gain on foreign Exchange difference	2,542	0
	Foreign Exchange loss	0	(2,431)
	Total	<u>2,542</u>	<u>(2,431)</u>
19	WAGES, SALARIES AND EMPLOYEES BENEFITS	2020/21	2019/20
		TZS' 000	TZS' 000
	Civil servant	4,995,896	3,685,430
	Acting allowance	28,051	30,392
	Housing Allowance	12,455	360,916
	Court Attire Allowance	4,155	7,990
	Electricity allowance(Utility)	19,875	97,269
	Extra duty	83,856	115,715
	Field(Practical Allowance)	41,288	33,310
	Furniture	47,357	169,490
	Gratuities	63,256	70,070
	Leave Travel	280,436	266,162
	Medical and Dental refund	23,790	50,161
	Moving Expenses	538,780	117,257
	Outfit Allowance	128	3,674
	Passage allowance	301,697	-
	Responsibility Allowance	-	164,406
	Sitting Allowance	13,730	207,441
	Special Allowance	111,748	631,008
	Staff Debts	-	10,713
	Subsistence Allowance	3,450	-
	Telephone	145,403	158,026
	Total	<u>6,715,351</u>	<u>6,179,430</u>
20	SOCIAL BENEFITS	2020/21	2019/20
		TZS' 000	TZS' 000
	National health Insurance Scheme(NHIF)	176,079	159,699
	Retirement Benefits	161,137	334,408
	Statutory Contribution (WCF and ZSSF)	43,852	21,550
	Public Social security fund(PSSSF)	420,184	508,753
	Total	<u>801,252</u>	<u>1,024,410</u>
21	SUPPLIES AND CONSUMABLES USED	2020/21	2019/20
		TZS' 000	TZS' 000
	Advertising and Publication	35,436	77,844

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Air travel Tickets	83,251	283,610
Ground Transport	35,096	0
Perdiem Domestic	1,376,851	1,369,688
Per Diem Foreign	16,290	61,391
Training Allowance	86,369	199,500
Training Materials	5,494	0
Tuition Fees	78,537	66,562
Upkeep Allowance	0	23,956
Audit Fees	89,600	75,000
Bank Charges and Commission	10,393	21,590
Burial Expenses	56,509	12,000
Catering Services	117,357	150,840
Conference Facilities	32,745	35,659
Consultance fees	4,766	49,912
Office Consumables	119,432	94,399
Courier Services	16,247	0
Posts and Telegraph	5,233	34,571
Fuel(Diesel)	72,823	67,538
Educational Radio and TV programme	49,243	24,710
Electricity	53,390	61,038
Entertainment	1,370	0
Exhibition, Festival and Celebration	139,976	462,475
Financial Forms	0	192,753
Food and Refreshments	97,099	32,847
Fumigation	0	1,700
Gifts and Prizes	0	62,402
Honorarium	5,000	0
Insurance Expenses	24,246	38,758
Internet and email connection	86,165	105,525
Newspaper and Magazine	13,536	16,046
Cleaning and Security charges	126,069	111,492
Printing and Photocopying cost	179,968	35,551
Office Rent	218,656	323,774
Software Licence fees	79,822	102,876
Special Food(diet food)	2,000	1,500
Subscription fees	8,531	24,982
Suppliers debts	0	5,130
Tax levied by another level of Government	8,423	186,373
Telephone Charges	37,902	7,079
Water Charges	1,026	940
Total	<u>3,374,851</u>	<u>4,422,009</u>

22	MAINTENANCE EXPENSES	2020/21	2019/20
		TZS' 000	TZS' 000
	Computers, Scanners, and other computer related	7,887	135,206

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	Motor Vehicle and Watercraft	82,317	73,921
	Outsource Maintenance contract service	21,521	80,530
	Small tools and Implements	6,371	0
	Total	<u>118,096</u>	<u>289,658</u>
23	TRANSFER PAYMENT TO CONSOLIDATED FUND		
		2020/21	2019/20
		TZS' 000	TZS' 000
	Contribution to CF (15%)	2,177,047	2,375,140
	Total	<u>2,177,047</u>	<u>2,375,140</u>
24	RELATED PARTY DISCLOSURE		
		2020/21	2019/20
		TZS' 000	TZS' 000
	Remuneration of Key Management		
	Key Management personnel remuneration	0	803,173
	Contribution to pension funds and Gratuity	0	118,652
		<u>0</u>	<u>921,825</u>
	Controlling Entity		
	15% contribution to consolidated fund	2,177,047	2,375,140
	Total	<u>2,177,047</u>	<u>3,296,965</u>

The National Insurance Board is the board appointed to oversee the activities of the Authority, during the financial year ended 30 June 2021 there were no Board expenses incurred, as the board were not in place. Key Management remuneration are expenses incurred in respect of Commissioner of insurance, Deputy commissioner and other Directors having Authority and responsibility of planning, directing and controlling the activities of the Authority. Controlling entity expenses are in respect of 15% contribution of gross revenue to the consolidated fund since the Government is the whole owner of the Authority.

		2020/21	2019/20
		TZS' 000	TZS' 000
25	RECONCILIATION OF SURPLUS/DEFICIT WITH CASH GENERATED FROM OPERATION		
	Surplus/(Deficit) for the year	1,061,836	922,124
	Add: Depreciation charges	359,098	480,363
	Amortization	83,876	83,876
	Foreign Exchange loss/(Gain)	(2,542)	2,431
	Cash generated from operation before changes in working capital	1,502,268	1,488,794
	Decrease/(Increase) in Receivable	(939,628)	78,443
	Decrease/(Increase) in Inventory	49,136	(65,183)
	Decrease/(Increase) staff loans		
	Decrease/(Increase) in Prepayment	(105,583)	125,139
	Increase/(Decrease) in Payables	(729,734)	610,552
	Increase/(Decrease) in Provisions	0	(145,731)
	Net cash generated from operating activities	<u>(223,539)</u>	<u>2,092,014</u>

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26 CASH FLOW INFORMATION	2020/21 TZS' 000	2019/20 TZS' 000
a. Premium Levy		
Opening Prem levy	3,673,195	3,751,063
Add: Prem levy during the year	12,699,182	13,291,171
Less: Closing Prem levy	(4,612,822)	(3,673,195)
Total	<u>11,759,555</u>	<u>13,369,039</u>
b. Wages, Salaries and other employees benefits		
Salaries paid during the year	6,715,351	6,179,430
Add: Opening Gratuity	94,990	240,722
Tax Outstanding	120,674	914,768
Other Payables	444,948	338,739
Less: Closing Gratuity	(158,246)	(94,990)
Tax Outstanding	(103,567)	(120,674)
Other Payable	(516,568)	(444,948)
Total	<u>6,597,582</u>	<u>7,013,047</u>
c. Supplies and Consumable Used		
Supplies and consumable during the year	3,374,851	4,422,008
Add: Opening Payables	958,389	648,992
Opening accrued expenses	180,147	178,570
Closing Prepayment	123,635	18,052
Closing Inventory	86,821	135,957
Less: Closing Accrued expenses	(153,351)	(180,147)
Miscellaneous deduction	(409,475)	0
Closing supplies of goods and services	(463,129)	(958,389)
Opening Prepayment	(18,052)	(143,191)
Opening Inventories	(135,957)	(70,773)
Total	<u>3,543,879</u>	<u>4,051,079</u>
d. Fines, Fees and Penalties		
Opening balance	0	575
Fines, Fees and Penalties during the year	1,613,734	1,811,924
Less: Closing balance	0	0
Total	<u>1,613,734</u>	<u>1,812,499</u>
e. Revenue from exchange transaction		
Opening deposit from third party	(3,850)	(96,034)
Add: Sales of Motor Stickers during the year	294,315	349,657
Add: Closing deposit from third party	3,850	3,850
Total	<u>294,315</u>	<u>257,473</u>
f. 15% Contribution to Consolidated Fund		
Payment During the year	2,177,047	2,375,140
Add: Opening Balance	2,616,674	1,537,026
Less: Outstanding Balance	(1,881,753)	(2,616,674)

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Total	2,911,968	1,295,492
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g. Net staff Loan repayment/(Issue)

Opening balance	1,603,068	1,688,279
Less: Closing Balance	(1,866,620)	(1,603,068)
Total	263,552	85,211

27 PRIOR YEAR ADJUSTMENT

The decrease of TZS 134.1 Million in the statement of changes in Net Asset and Cash Flow Statement relates to Outstanding receipts in cash book not in Bank statements shown in the Bank reconciliation statement in year 2019/20.

At the time of uploading the closing balance as at 30 June 2020 at the time of adoption of MUSE accounting system the items were debited in Cash and cash equivalent and Credited in the retained earnings.

During the year 2020/21, it was noted that most of the said outstanding receipts were erroneously issued twice in the year 2019/20 which lead to overstate the cash and cash equivalent and revenue. In accordance with IPSA3, Accounting, Policies, Changes in accounting Estimates and errors the following adjustment has been made to correct the error

Adjustment

Retained earnings decreased by - (134,168)

Cash and cash equivalent reduced by - (134,168)

28 CONTINGENT LIABILITIES

Litigation

The Authority has one litigation in the court in which the total exposure is TZS 156 billion. This litigation is in relation to the plaintiff's claims emanating from regulatory decisions. In this suit, the Authority vigorously denies that it was at fault and is defending itself against any action. The Authority successfully defended the suit at the High Court and the suit is now at the Court of Appeal. The legal advice received from an independent lawyer supports the Managements' belief that the claims are frivolous and without merit. Accordingly, no provision for any liability has been made in these financial statements.

29 COMMITMENT

a) Capital commitments

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As at 30 June 2021 the Authority had no capital commitments.

b) Loan commitments

As at 30 June 2021, the Authority had no loan contractual commitment.

c) Operating lease commitments as lessee

The Authority has operating leases for the premises in which it carries out its operations in various zonal offices in Tanzania. The total of TZS 337 million is expected to be paid in next twelve months under non-cancellable operating leases.

30 ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

31 EVENTS AFTER REPORTING PERIOD

There were no material events after the reporting date which required disclosures or adjustments in the financial statements.