



TCCIA INVESTMENT PLC
(Registration number 38280)
**Report and the financial statements
for the year ended 31 December 2019**



TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

General Information

Country of incorporation and domicile	United Republic of Tanzania
Nature of business and principal activities	Investment in stocks, shares and bonds
Directors	Mr. Fortunatus Makore Magambo Prof. Lucian A. Msambichaka Mr. Joseph Matanga Kahungwa Ms. Magdalene N.E. Mkocho Mr. Nathan E. Mnyawami Mr. Ernest R. Khisombi Mr. Paul F. Koyi Mr. Peter William Kifunguomali Mr. Octavian Mshiu
Registered office	Second Floor The Copy Cat Building, Victoria area Kinondoni, Dar es salaam
Postal address	P.O. Box 72678 Dar es Salaam
Bankers	CRDB Bank Plc P.O. Box 2302 Dar es Salaam
Auditors	Crowe Tanzania Certified Public Accountants in Public Practice Dar es Salaam
Secretary	Donald Jimongi Kamori
Company registration number	38280
Tax reference number (TIN)	103-410-444

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Contents

	Page
Chairman's Statement	3
Chief Executive Officer's Statement	4 - 5
Directors' Report	6 - 14
Directors' Responsibilities and Approval	15
Declaration of the Head of Finance/Accounting	16
Independent Auditor's Report	17 - 19
Statement of Financial Position	20
Statement of Profit or Loss and Other Comprehensive Income	21
Statement of Changes in Equity	22
Statement of Cash Flows	23
Accounting Policies	24 - 36
Notes to the Report And The Financial Statements	37 - 54

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Chairman's Statement

INTRODUCTION

Dear Shareholders, it is my pleasure to present to you our annual report for the financial year ended 31 December 2019. The company recorded stronger performance for the year under review due to measures taken by the board and management delivering on our commitment to create greater shareholder value. We conducted several exciting diversification strategies, presented new financial targets as well as new long-term sustainability targets.

BUSINESS SUSTAINABILITY

The company has high sustainability ambitions in long-term vision, mission and core values embedded in three themes areas: increase shareholder's value, investment excellence, and operational excellence. We see sustainability as a major business opportunity and we are convinced that we can make the best contribution to a sustainable future by working together with our major stakeholders providing more efficient, safer and environmentally-sound solutions. Sustainability is already an integral part of our operations and our new goals will help us to take further steps.

Despite the noted distinct signs of a slowdown in the market such as low turnover, declining share prices and less than satisfactory performance for some listed companies where TCCIA Investment Public Limited Company holds stake, we have adopted various measures ensuring continued good profitability. The ability to deliver a good profitability level even under difficult conditions is one important part of the new financial targets that is presented in our new strategic plan for year 2020-2022. We will create real value for our stakeholders by diversifying our portfolio from traditional avenues. We are targeting 22% net growth of dividends to shareholders annually.

DIVIDENDS

For financial year ended 31 December 2019, the board of directors has recommended a total gross dividend of TZS 6 per share (2018: TZS 2.54 per share) or TZS 437.75million. The proposed dividend payment is subject to the shareholder's approval during the 15th annual general meeting to be held on later this year.

FUTURE PROSPECTS

Our plans for the year ahead will focus on increasing shareholder return, increasing volume of investments and increase investment returns and improving internal processes through the use of dedicated human capital and technology such as e-payments. The new focus will be to invest in different investment avenues such as agro-processing/storage, fund management, financial services and warehousing.

APPRECIATION

Finally, on behalf of the board, I wish to express my deepest gratitude to our valued shareholders, customers and business partners. I also wish to extend my appreciation to the Capital Markets and Security Authority, the Dar es Salaam Stock Exchange, and other regulatory bodies for their guidance and assistance. Thank you to my fellow board members for their efforts to drive the growth of the company by contributing to our strategies. On behalf of the board, I wish to thank Mr Donald J. Kamori who has retired as Chief Executive Officer (CEO) and Board Secretary of TCCIA Investment PLC effective 31 December 2019. We are indebted to him for his 14 years of service, having been a CEO since 2005. We wish him all the best in his future endeavours. I would like to welcome Mr Peter W. Kifungumali who was appointed as new CEO effectively from 1st January 2020. We look forward to working with him. On behalf of the board, I wish to thank the management for effectively leading and implementing our strategic priorities. I also thank all our staff members for their hard work and commitment in delivering results and values. Lastly, I wish to extend our gratitude to shareholders for their continued support and faith with the Company. As we continue with our business journey, I am confident that together we will create long-term growth and value. To all our shareholders and stakeholders, we re-affirm our commitment to continue pursuing excellence in all our efforts.

Thank



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Fortunatus M. Magambo
Chairman of the Board

Date: 25/06/2020

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Chief Executive Officer's Statement

INTRODUCTION

For the year ended December 2019, we have made significant progress. We have increased our income by 24.55%; significantly reduced operating cost ratio 5.6%, and improved our dividend payout from 136%. Importantly, the board has developed a new three-year strategic plan to manage our business with a focus on four key metrics: customer satisfaction, profitability, free cash flow certainty and earnings growth. The plan is reflected in 3 key themes: increase shareholder's value, investment excellence and operational excellence. We continue to create long-term, sustainable value for shareholders, investing in our competitiveness. We have made a number of key decisions to support this, including the securing loan from bank to invest in higher income avenues. These strategic decisions we have made are allowing us to grow our business sustainable.

AN ANALYTICAL STATEMENT OF RETURN IS AS GIVEN BELOW

RETURN ON INVESTMENT

The company, through prudent investment management has expanded its asset portfolio which largely comprises of investment in shares and government securities from TZS 2,000 million in 2005 to TZS 29,500 million in 2019. During the year the company made an overall return on investment of 36% in terms of dividend and interest income and 137% in terms of dividend, interest plus capital gain. The company has been consistently profitable and paying dividends to shareholders since 2012.

FINANCIAL PERFORMANCES

The company has managed to maintain a steady growth. The revenue, profit, investment, shareholders' equity etc. have been increasing. Financial performances data for 2019 along with comparative figures for 2018 are given hereunder:

Particulars	Unit	2019	2018
Operational revenues	TZS'000	1,787,692	1,435,266
Operational expenses	TZS'000	1,061,732	1,125,208
Net profit after tax	TZS'000	409,714	422,391
Shareholders' equity	TZS'000	26,848,704	28,260,507
Net asset value per share of TZS 385 each	TZS'000	70	76
Earnings per share	TZS	5.62	5.78
Dividend per share	TZS	6	2.54

ANALYSIS OF INVESTMENTS IN 2019

In the year 2019, major task was diversification of company's investment. The company invested a total of TZS 5.43 billion in government securities (bonds) in the course of diversifying its sources of income and providing cash flow certainty. During the period, the company purchased 15 years and for 20 years treasury bonds. The coupon rate of 13.5% for 15-year Bonds and 15.49% for 20-year Bonds. The company disposed shares worth TZS 1.88 billion and also secured a TZS 3 billion term facility as part of the diversification strategy. Investment operations during the year were undertaken in accordance with the Company's investment policy. The Company's investment portfolio comprises of government securities, corporate bonds, bank deposits, equity stock and investment in properties. As at 31 December 2019, investment portfolio increased by 6.70% to TZS 29.53 billion (2018: TZS 27.68 billion).

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Chief Executive Officer's Statement

The distribution of the investment portfolio of the company as at 31 December 2019 is as follows: Equities TZS 19,364,888,000 equivalent to 65.58% (2018: TZS 22,988,002,000 equivalent to 81.59%), government securities TZS 9,677,922,000 equivalent to 32.77% (2018: TZS 4,249,239,000 equivalent to 15.08%), deposit with financial institutions 210,000,000 equivalent to 0.71% (2018: TZS 634,204,000 equivalent to 2.25%), corporate bonds TZS 30,336,000 equivalent to 0.10% (2018: TZS 58,706,000 equivalent to 0.21%) property TZS 239,820,000 equivalent to 0.81% (2018: TZS 239,820,000 equivalent to 0.85%) and others TZS 5,500,000 equivalent to 0.02% (2018: TZS 5,500,000 equivalent to 0.02%).

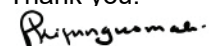
Looking ahead, we are confident that we will meet the remaining goals in our improvement plan in 2020 and deliver growth of profitability within the 15% -20.0% margin range. While the market remains uncertain, our performance to date is firm, leaving us well-positioned to invest in our competitiveness. We remain comfortable with consensus profit expectations for 2020.

COMPANY PLAN 2020-2022:

By FY 2022, our company aspires to be the provider of premier investment management services in Tanzania by creating long term value to our shareholders by providing relatively superior returns guided by safe and sound investment. The company targets to form subsidiary companies and diversify its portfolio to 50%:50% from traditional investment avenues by 2022. The company has already initiated definitive steps to increase investment income by 68% by December 2022. Towards this goal, the company plans to achieve an operational excellence ratio of 95 percent.

While driving growth, we will also continue to retain our focus on best in good governance and risk management. Lastly, I take this opportunity to express my sincere gratitude to our shareholders, board of directors, management, bankers, auditors and investors, for their unyielding dedication, support, and commitment to TCCIA Investment PLC.

Thank you.



.....
Peter William Kifunguomali
Chief Executive Officer

Date: 25/06/2020

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

The directors have pleasure in submitting their report on the financial statements of TCCIA Investment Public Limited Company for the year ended 31 December 2019. The report highlights the company's state of affairs for the year ended 31 December 2019.

1. Incorporation

The company is incorporated in Tanzania under the Companies Act 2002 as a public limited liability company.

2. Nature of business

The core activities of the company are that of investment management, focusing on investment in equities of listed companies including corporate bonds issued by companies which have a proven profitability track record and government securities and investment in warehousing facilities located in strategic areas. In addition, the company encourages the development of a savings culture among its shareholders by means of investing in equities of strong performing companies.

3. Vision

To be the provider of premier investment management services in Tanzania.

4. Mission

To create long term value to our shareholders by providing relatively superior returns guided by safe and sound investment.

5. Review of financial results and activities

The report and the financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 1.

The company recorded a net profit after tax for the year ended 31 December 2019 of TZS 409,714,000. This represented a decrease of 3% from the net profit after tax of the prior year of TZS422,391,000.

Company's revenue increased by 25% from TZS1,435,266,000 in the prior year to TZS1,787,692,000 for the year ended 31 December 2019. The increase in revenue is attributed to an increase in interest income a result of the board's decision to diversify the company's investment portfolio by disposing off part the shares held by the company and deploying the proceeds into government bonds between 2018 and 2019.

Company cash flows from operating activities decreased by 49% from TZS810,020,000 in the prior year to TZS412,857,000 for the year ended 31 December 2019.

6. Share capital

Authorised			2019	2018
			Number of shares	
Ordinary shares (in '000) of TZS 20/- each			5,000,000	5,000,000
Issued	2019	2018	2019	2018
	TZS '000	TZS '000	Number of shares	
Ordinary shares of TZS 20 each	1,459,153	1,459,153	72,957,660	72,957,660
Share premium	708,799	708,799	-	-
	2,167,952	2,167,952	72,957,660	72,957,660

There have been no changes to the authorised or issued share capital during the year under review.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

7. Dividends

The board of directors recommends payment of a final dividend of TZS 6 per share, amounting to TZS 437,745,960 (2018: TZS 2.54 per share, amounting to TZS 185,311,962).

8. Strategic objectives

Increase shareholder's value; with the objective of enhancing the ability of the company to consistently meet and manage shareholders' expectations. The strategic results are an increased value of shares and company growth. The Company targets to form subsidiary companies and diversify its portfolio from traditional investment avenues.

Investment excellence; aiming at improving the net worth of the company through enhancing resources mobilization, increase investment income. The company plans to have investment income increased by 22% annually.

Operational excellence; with the aim of improving internal processes using dedicated staff and appropriate technology in order to enhance operational efficiency; improve internal customer service delivery; enhance institutional compliance; enhance corporate culture creation; enhance staff welfare, and improve staff competence and productivity. The Company plans to achieve an excellence operational ratio of 95 percent.

9. Directorate

The directors in office at the date of this report are as follows:

Directors	Position	Qualification/ Discipline	Nationality
Mr. Fortunatus Makore Magambo	Chairperson	Economist	Tanzanian
Prof. Lucian A. Msambichaka	Member	Economist	Tanzanian
Mr. Joseph Matanga Kahungwa	Member	Accountant	Tanzanian
Ms. Magdalene N.E. Mkocha	Member	Agro-economist	Tanzanian
Mr. Nathan E. Mnyawami	Member	Economist	Tanzanian
Mr. Ernest R. Khisombi	Member	Procurement and Supplies	Tanzanian
Mr. Paul F. Koyi	Member	IT	Tanzanian
Mr. Peter William Kifunguomali	Member	Economist	Tanzanian
Mr. Octavian Mshiu	Member	Business	Tanzanian

Mr Peter William Kifunguomali resigned as a director effective 10 August 2019, and Mr Octavian Mshiu resigned as a director effective 10 August 2019. Mr Ernest R. Khisombi was appointed on 02 September 2019 to succeed Mr Peter William Kifunguomali and Mr Paul F.Koyi was appointed on 30 September 2019 to succeed Mr Octavian Mshiu. The Board chairman expressed his sincere appreciation to the outgoing directors for their contributions during their respective periods of office.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

10. Events after the reporting period

The evaluation and impact of the risks and uncertainties of the COVID-19 outbreak is as per disclosure in note 33 of these financial statements.

The company has changed the address of its registered office and principle place of business from Second Floor at The Copy Cat Building, Victoria area, Kinondoni, Dar es Salaam to Twenty fourth (24) floor at LAPF Millenium towers Bagamoyo road, Kijitonyama, Kinondoni, Dar es Salaam with effect from 1st February 2020

Donald Jimogi Kamori has retired from being company secretary and chief executive officer. Peter W. Kifungomali was appointed as a new company secretary and chief executive officer with effect from 1st January 2020.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

11. Secretary

The company secretary as at 31 December 2019 and during the year was Mr Donald Jimongi Kamori.

12. Corporate governance

Company's articles of association provides for minimum of five (5) and maximum of seven (7) directors. During 2019 the board was composed of seven (7) directors, none of the directors holds any executive position in the company. The board assumes overall responsibility for the company. This include among other things, identification of risks which may negatively impact on the company's operations and considering and monitoring major investment decisions. The board is also responsible for ensuring that comprehensive and effective internal control policies and procedures are in place, effectively applied and are in compliance with acceptable corporate good governance principles.

During the year under review the board met ten times, of which six were ordinary meetings and four extra ordinary/special meetings held for the purpose of attending special activities which required the board's attention. The board has delegated the day to day management of the company's operations to the chief executive officer who is supported by the management team. The management is invited to attend board meetings and facilitate the effective control of the company's activities. The extra-ordinary meetings included discussion and approval of the annual plan and budget and annual audited accounts.

Board of Directors and Attendance in 2019.

Director	Position	Total meetings	No. of meeting attended
1.Mr. Fortunatus Makore Magambo	Chairman	10	10
2.Prof. Lucian A. Msambichaka	Director	10	10
3.Mr. Joseph Matanga Kahungwa	Director	10	10
4.Ms. Magdalene N.E. Mkocho	Director	10	10
5.Mr. Nathan E. Mnyawami	Director	10	6
6.Mr. Peter William Kifunguomali	Director	10	9
7.Mr. Octavian Mshiu	Director	10	6
8.Mr. Paul F. Koyi	Director	10	1
9.Mr. Ernest R. Khisombi	Director	10	2

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

The board is aware and committed to the principles of effective corporate good governance. During the year under review the board utilized two Board Committees so as to enable the board to meet high standards of good corporate governance and also take timely decisions in respect of company matters. The two committees were:

- The Investment Committee, which is composed of two Members.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

- The Audit and Risk Management Committee, which is composed of three Members.

The Members of the Investment Committee were:

Prof. Lucian A. Msambichaka	Chairman
Mr. Nathan E. Mnyawami	Member

The Investment Committee held six meetings to discuss the quarterly performance reports, plus the feasibility reports and the draft annual plan and budget before presentation of the reports to the board for discussion and decision.

The Members of the Audit and Risk Management Committee were: -

Mr. Joseph M. Kahungwa	Chairman
Mr. Peter W. Kifunguomali	Member
Ms. Magdalene N. E. Mkocho	Member

The Committee met six times to discuss and adopt the quarterly internal audit reports which were prepared by the Internal Auditor and also the draft annual accounts.

MAIN ACTIVITIES PERFORMED BY THE BOARD DURING 2019

Apart from performing the normal activities of supervising the company's operations the Board also dealt with the following major issues: -

- Preparation of the company's strategic plan for 2020-22;
- Updating the company's shareholders' register;
- Reviewing the company's quarterly internal audit reports;
- Reviewing various ways for reduction of operating costs and adding up income;
- Preparation and approval of the annual plan and budget for 2020.
- Conducting detailed feasibility study and searching on new business ventures.

13. Core values

Accountability, Commitment, Team Work, Trustworthy and Innovation.

14. Sustainable business

The directors' discussions on sustainable growth do not focus solely on financial metrics. The board considers it critical that we monitor and respond to broader issues of sustainability, including climate change and responsible sourcing, so that our business is well placed to succeed in the years ahead. We also believe in promoting sustainable environment friendly initiatives undertaking through avoiding financing/project ,business(es), which may be threat to the environment despite their financially viability; encourages the employees and other stakeholders to develop, practice & promote for developing & using environment friendly technology; encourages TICL to embrace e-commerce; develops the attitude among the employees to motivate, encourage the stakeholders through initialisation of appropriate in house environmental risk management system through introduction of appropriate technology; promotes awareness programs for environment friendly technology through practice of corporate social responsibilities (CSR);

15. Directors' interests in shares

As at 31 December 2019, the directors of the company held direct and indirect beneficial interests of its issued ordinary shares, as set out below.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

Interests in shares

Directors	2019 Indirect	2018 Indirect
Mr. Fortunatus Makore Magambo and Mr. Peter William Kifunguomali	28,100,300	28,100,300
Prof. Lucian A. Msambichaka	487,580	487,580
Mr. Joseph Matanga Kahungwa	40,600	40,600
Ms. Magdalene N.E. Mkocha	102,363	102,363
Mr. Nathan E. Mnyawami	19,675	19,675
Mr. Octavian Mshiu	830,498	830,498
	29,581,016	29,581,016

The directors have interest in shares indirect on behalf of the shareholders representing.

Mr. Octavian E. Mshiu: He served the Board during 2019 in his capacity as Acting TCCIA President represented TCCIA Headquarters and Regional Offices who hold a total of 830,498 shares. However, following election of new TCCIA President he retired from his position and it was filled by Mr. Paul Koyi.

Mr. Fortunatus Magambo and Mr. Peter William Kifunguomali both represents Public Service Social Security Fund which holds a total of 28,100,300 shares. Following retirement of Mr. Peter Kifunguomali his position was filled by Mr. Ernest R. Khisombi.

16. Compliance with laws and regulation

The company has continued to maintain good relationship with its key stakeholders. The company also maintained good relationships with Tanzania Revenue Authority, Capital Market and Securities, Dar es Salaam Stock Exchange, Brokers and the commercial banks. During the year, the company complied with all regulations and guidelines issued by various regulatory authorities.

17. Shareholding

	Company	
Shareholding Structure	Percentage Share	TZS '000
Public Services Social Security Fund (PSSSF)	38.5 %	562,006
Mkombozi Fishing & Maring Transport Ltd	5.8 %	84,300
Abbasi Exports Ltd	2.3 %	33,720
Christopher Mwita Gachuma	1.9 %	28,100
Fayaz Feroz Rashid	1.7 %	24,728
Nimrod Elireheemah Mkono	1.5 %	22,480
Other Shareholders (less 1.5 %)	48.3 %	703,820
	100.0 %	1,459,154

18. Related party transactions

All related party transactions and balances are disclosed in Note 28 to the financial statements.

19. Gender parity

The Company is an equal opportunity employer, as it has no discriminatory policies or practices.

At 31 December 2019, the company had 6 employees (2018: 5); out of which 4 were male and 2 were female (2018: male 3, female 2).

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

20. Solvency

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the report and the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

21. Risk management and internal control

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

- Safeguarding of Shareholders interest and the Company's assets;
- Effectiveness and efficiency of operations;
- Compliance with applicable laws and regulations;
- Reliability of accounting records and financial information;
- Sustainability of the Company's operations under normal and adverse conditions; and
- Responsive behaviour towards key 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 Company's system is designed to provide the Directors with reasonable assurance that procedures in place are operating effectively. The Directors have assessed the internal control system and generally satisfied as explained below.

The Company has various policies through which it manages its risks. On the other hand, the Company has an outsourced internal audit function which reports to the board audit committee through which the Board monitors and directs corrective measures on the internal control environment.

Risk and internal control assessment

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

The main financial risks facing the Company include: -

Interest risk

Interest risk is a market risk emanating from changes in value of assets of the Company as a result of adverse price movement for investments held by the Company. Investment in long term government securities with fixed income is one way of mitigating interest rate risk in volatile markets.

Foreign currency risk

The foreign exchange risk (or currency risk) is the risk arising from changes in the value of foreign currencies. The Company has no significant foreign currency transactions hence the effects of foreign exchange risk are minimal.

Credit risk

Credit risk is the risk that the counterpart to any financial transaction may not be able to fulfil its obligation on due date. In order to minimize credit risk, the Company has developed investment policy in investments appraisals and approval processes are in place to mitigate this risk.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

Liquidity risk

Liquidity risk is the risk of failing to meet obligations when they fall due. Liquidity risk may also arise from inability to sell financial assets quickly at close to its fair value. The Company is exposed to daily calls on its available cash for dividend payment and other administrative expenses. The Company manages liquidity risk by maintaining a pool of short-term placements with banks which is adequate to meet its obligations for investment commitments and administrative expenditure. The Company carries out monthly cash flow projection. Main sources of funds include dividends from investee companies and income from investments.

Operational Risk

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

Human Resources Risk

The nature of the activities of the Company calls for a multidisciplinary team of staff with specialized knowledge in the key operational areas. The lane staff structure of the Company poses a high staff turnover. In order to address this risk, the Company ensures that it invests in capacity building for its staff members, revises its compensation structure periodically.

Reputational Risk

The Company has an obligation to ensure that it performs its functions and maintains its reputation as among listed Companies operating in applicable laws and regulations. In this endeavour, the Board and Management ensure that they fulfill their fiduciary responsibilities by applying principles of sound corporate governance and adopting best practices.

22. Safeguarding of company's assets

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

23. Reliability of accounting records and financial statements

The Company has a competent staff in Accounts and Finance. Accordingly, proper books of accounts have been maintained and the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

24. Future development activities

From 2018 the directors decided to start gradually diversifying the Company's investment portfolio by investing in other products that have hitherto not been covered. Since the Company commenced operations in October 2005, more than 95% of the investment portfolio was in the form of equities of listed companies. The Board decided to target investment in fixed income financial instruments (Government Securities, Corporate Bonds and interest earning fixed bank deposits). The Directors believe that investment in these incomes earning financial instruments offers good trade off especially when the equity market is less attractive as is the case now and the return on these investments is readily predictable. The Board has therefore decided to continue on this path, especially after considering the fact that the return is attractive and predictable than in the case of dividend income.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

Lastly, the Board is also exploring other business opportunities including import and export business, Insurance Agency services, Agro-processing facilities and other financial products such as e- money solutions.

25. Employee's welfare

The Company has the following employees' welfare arrangements:.

Training

The Company offers sponsorship to its employees in short-term courses within and outside the country on various disciplines depending on the corporate needs and financial resources available. The Company supports also employees' own initiatives for long-term training.

Staff loans and advances

The Company provides salary advances to enable them to overcome financial needs and promote their economic development. Salary advances are based on specific terms and conditions approved by the Board and are issued in accordance with the annual approved budget.

Medical facilities

The Company entered into a contract with National Health Insurance Fund to provide medical insurance scheme for its employees and their immediate family dependents.

Financial assistance

The Company operates a policy to assist in the event of death of an employee or immediate family dependent.

Retirement benefits

The Company pays contributions to the publicly administered pension plans which include the Public Servant Social Security Fund (PSSSF) and National Social Security Fund on a mandatory basis on behalf of all employees.

Persons with disabilities

The company gives equal opportunities to disabled persons for vacancies they are able to fill.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Report

26. Political and charitable donation

The Company did not make any political donation during the year

27. Auditors

The Company's Auditors, Crowe Tanzania, have indicated their willingness to continue in office and are eligible for re-appointment to audit the financial statements for the financial year ending 31 December, 2020. A separate paper will be presented before the meeting for discussion and decision by the General Meeting

The financial statements set out on pages 20 to 54 which have been prepared on the going concern basis, were approved by the board of directors on date of this report, and were signed on its behalf by:



Mr Fortunatus Makore Magambo
Director

Date: 25/06/2020



Prof. Lucian A. Msambichaka
Director

Date: 25/06/2020

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the report and the financial statements and related financial information included in this report. It is their responsibility to ensure that the report and the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the report and the financial statements.

The report and the financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

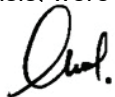
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the report and the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's report and the financial statements. The report and the financial statements have been examined by the company's external auditors and their report is presented on pages 17 to 19.

The report and the financial statements set out on pages 20 to 54, which have been prepared on the going concern basis, were approved by the board of directors on date of this statement and were signed on their behalf by:



Mr Fortunatus Makore Magambo
Director

Date: 25/06/2020



Prof. Lucian A. Msambichaka
Director

Date: 25/06/2020

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Declaration of the Head of Finance/Accounting

Declaration of the Head of Finance/Accounting of TCCIA Investment Public Limited Company

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's 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/Governing Body as stated under the Directors' Responsibilities Statement on an earlier page.

I, **Joel Chikoma**, being the Head of Finance/Accounting of TCCIA Investment Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2019 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 TCCIA Investment Public Limited Company as on that date and that they have been prepared based on properly maintained financial records



Signed by: Joel Chikoma

Position: Head of Finance and Investment

NBAA Membership No.: ACPA 3285

Date: 25/06/2020

Independent Auditor's Report

To the shareholder of TCCIA Investment Public Limited Company

Report on the Audit of the Report And The Financial Statements

Opinion

We have audited the report and the financial statements of TCCIA Investment Public Limited Company set out on pages 20 to 54, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the report and the financial statements, including a summary of significant accounting policies.

In our opinion, the report and the financial statements present fairly, in all material respects, the financial position of TCCIA Investment Public Limited Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the report and the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of report and the financial statements in Tanzania, United Republic of. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Tanzania, United Republic of. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the report and the financial statements of the current period. These matters were addressed in the context of our audit of the report and the financial statements as a whole, and in forming Our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 2002 of United Republic of, Tanzania, which we obtained prior to the date of this report. Other information does not include the report and the financial statements and our auditor's report thereon.

Our opinion on the report and the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the report and the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the report and the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the shareholder of TCCIA Investment Public Limited Company

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the report and the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of report and the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the report and the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Report And The Financial Statements

Our objectives are to obtain reasonable assurance about whether the report and the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 report and the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the report and 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 our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the report and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the report and the financial statements, including the disclosures, and whether the report and the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

Independent Auditor's Report

To the shareholder of TCCIA Investment Public Limited Company

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act 2002 and for no other purposes.

As required by the Companies Act 2002 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- the company's statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account;
- the directors' report is consistent with the financial statements; and
- information specified by law regarding directors' remuneration and transactions with the company is disclosed.

CPA Christopher Msuya
For and on behalf of Crowe Tanzania
Certified Public Accountants in Public Practice
Dar es Salaam

Date: 26/06/2020

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Statement of Financial Position as at 31 December 2019

	Note(s)	2019 TZS '000	2018 TZS '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	21,456	31,803
Investment property	5	239,820	239,820
Equity investments	11	19,364,888	22,988,002
Government securities	6	9,677,922	4,249,239
Deferred tax	7	1,605	170,792
Corporate bonds	8	30,336	58,706
Other investments	9	5,500	5,500
		29,341,527	27,743,862
Current Assets			
Trade and other receivables	10	406,964	130,890
Current tax receivable		340,051	331,319
Cash and cash equivalents	12	224,314	650,849
		971,329	1,113,058
Total Assets		30,312,856	28,856,920
Equity and Liabilities			
Equity			
Share capital	13	2,167,952	2,167,952
Total Reserves		9,020,625	(2,659,801)
Retained Income		15,907,804	28,866,632
		27,096,381	28,374,783
Liabilities			
Non-Current Liabilities			
Borrowings	14	2,789,285	-
Current Liabilities			
Trade and other payables	15	44,289	20,364
Borrowings	14	210,715	-
Dividend	16	172,186	461,773
		427,190	482,137
Total Liabilities		3,216,475	482,137
Total Equity and Liabilities		30,312,856	28,856,920

The report and the financial statements and the notes on pages 20 to 54, were approved by the board of directors on the date if this report and were signed on its behalf by:

Mr. Fortunatus M. Magambo
Chairman
Date: 25/06/2020

Prof. Lucian A. Msambichaka
Director
Date:

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2019 TZS '000	2018 TZS '000
Income	17	1,787,692	1,435,266
Other operating gains (losses)	18	(88,410)	(58,459)
Other operating expenses	19	(1,061,732)	(1,125,208)
Operating profit		637,550	251,599
Finance costs	22	(16,638)	-
Profit before taxation		620,912	251,599
Taxation	23	(211,198)	170,792
Profit for the year		409,714	422,391
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Loss on valuation of investments in equity instruments		(1,688,114)	(2,030,139)
Other comprehensive income for the year net of taxation		(1,688,114)	(2,030,139)
Total comprehensive (loss) income for the year		(1,278,400)	(1,607,748)
		TZS	TZS
Basic earnings per share		5.62	5.78

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Gain/loss on sale of equity investments	Reserve for valuation of equity investments	IPO Cost	Retained Income	Total equity
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 01 January 2018	1,421,848	-	1,421,848	(172,547)	2,726,439	-	28,629,939	32,605,679
Profit for the year	-	-	-	-	-	-	422,391	422,391
Other comprehensive income	-	-	-	172,547	(4,756,578)	-	-	(4,584,031)
Total comprehensive income for the year	-	-	-	172,547	(4,756,578)	-	422,391	(4,161,640)
Issue of shares	37,305	708,799	746,104	-	-	-	-	746,104
Initial Public Offer (IPO)	-	-	-	-	-	(629,662)	-	(629,662)
Dividends	-	-	-	-	-	-	(185,698)	(185,698)
Total contributions	37,305	708,799	746,104	-	-	(629,662)	(185,698)	(69,256)
Balance at 01 January 2019	1,459,153	708,799	2,167,952	-	(2,030,139)	(629,662)	28,866,630	28,374,781
Profit for the year	-	-	-	-	-	-	409,714	409,714
Other comprehensive income	-	-	-	-	11,515,426	-	-	11,515,426
Total comprehensive income for the year	-	-	-	-	11,515,426	-	409,714	11,925,140
Transfer between reserves	-	-	-	-	165,000	-	(13,368,540)	(13,203,540)
Total contributions	-	-	-	-	165,000	-	(13,368,540)	(13,203,540)
Balance at 31 December 2019	1,459,153	708,799	2,167,952	-	9,650,287	(629,662)	15,907,804	27,096,381

Note(s)

13

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13

The accounting policies on pages 24 to 36 and the notes on pages 37 to 54 form an integral part of the report and the financial statements.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Statement of Cash Flows

	Note(s)	2019 TZS '000	2018 TZS '000
Cash flows from operating activities			
Cash generated from operations	24	480,238	880,555
Finance costs		(16,638)	-
Tax paid	25	(50,743)	(70,535)
Net cash from operating activities		412,857	810,020
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3,960)	(7,249)
Sale of property, plant and equipment	4	1,588	-
Proceed on disposal of equity investments		1,935,000	1,475,853
Purchase of government securities		(5,428,683)	(4,249,239)
Movement in fixed deposits		-	2,272,580
Redemption of corporate bonds		28,370	28,369
Loss on disposal of equity investment		(82,120)	(58,460)
Net cash from investing activities		(3,549,805)	(538,146)
Cash flows from financing activities			
Proceeds on share issue	13	-	746,104
Proceeds from borrowings		3,000,000	-
Dividends paid	26	(289,587)	(19,652)
IPO Cost		-	(629,662)
Net cash from financing activities		2,710,413	96,790
Total cash movement for the year		(426,535)	368,664
Cash at the beginning of the year		650,849	282,185
Total cash at end of the year	12	224,314	650,849

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Corporate information

TCCIA Investment Public Limited Company is a public limited company incorporated and domiciled in United Republic of, Tanzania.

The report and the financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 30 May 2020.

1. Significant accounting policies

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

1.1 Basis of preparation

The report and the financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these report and the financial statements and the Companies Act 2002.

The report and the financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Land	indefinite

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Percentage
Furniture and fixtures	Diminishing balance	12.5%
Office equipment	Diminishing balance	12.5%
IT equipment	Diminishing balance	37.5%
Printers	Diminishing balance	12.5%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 31 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

Debt instruments

Classification

The company holds certain investments in bonds which are classified as subsequently measured at amortised cost (note 6).

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the objectives of the company's business model is achieved by collecting the contractual cash flows on these instruments.

Recognition and measurement

These debt instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost.

The amortised cost is the amount recognised on the cost initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

Impairment

The company recognises a loss allowance for expected credit losses on all debt instruments measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt instrument has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a debt instrument being credit impaired at the reporting date or of an actual default occurring.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterpart, or if internal or external information indicates that the counterpart is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when an installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit risk

Details of credit risk related to debt instruments at amortized cost are included in the specific notes and the financial instruments and risk management (note 31).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

On derecognition of a debt instrument at amortized cost, the cumulative gain or loss on that instrument which was previously accumulated in equity in the reserve for valuation of investments is reclassified to profit or loss.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in interest income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 10.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item .

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 11. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the company may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in (note 18).

Dividends received on equity investments are recognised in profit or loss when the company's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in dividend income.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

Financial instruments (continued)

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

Leases are classified in accordance with the provisions of IFRS 16. Leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a lease obligation

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

1.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to the National Social Security Fund (NSSF) and Public Services Social Security Fund (PSSSF), which are publicly, administered pension plans, on a mandatory basis and are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

1.10 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.11 Revenue

The company recognises revenue from the following major sources:

- Interest from government securities
- Interest from corporate bonds
- Interest from fixed deposit
- Dividend from equity investments

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Accounting Policies

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous report and the financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

1.13 Dividend distribution

Dividend distribution to shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
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2. Changes in accounting policy

The report and the financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Earnings per share

Profit for the year	409,714	422,391
Weighted average shares in issue	72,957,660	72,957,660
Basic earning per share	5.62	5.78

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

The amendment deals with the determination of past service cost and gains or losses on settlement, when a plan is amended, curtailed or settled ("the event"). Specifically, when determining the past service cost or gain or loss on settlement, the net defined benefit liability (asset) shall be remeasured using the current fair value of plan assets and current actuarial assumptions reflecting the benefits offered under the plan and plan assets both before and after the event. The effect of the asset ceiling shall not be considered in this exercise. The effect of the asset ceiling shall be determined after the event.

The amendment also specifies that when determining current service costs and net interest on the defined benefit liability (asset) in a period in which an amendment, curtailment or settlement occurs, to apply inputs at the beginning of the reporting period for the current service cost and interest up to the date of the event, and to apply inputs as at the date of the event to determine current service costs and interest for the remainder of the period.

The effective date of the amendment is for years beginning on or after 01 January 2019.

The impact of the amendment is not material on the company's financial statements

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 01 January 2019.

The impact of the amendment is not material on the company's financial statements.

Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalising borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

3. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2019.

The impact of the amendment is not material on the company's report and the financial statements.

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 January 2019.

The company has adopted the interpretation for the first time in the 2019 report and the financial statements.

The impact of the interpretation is not material.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

3. New Standards and Interpretations (continued)

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company has adopted the standard for the first time in the 2019 report and the financial statements.

The impact of the standard is not material.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

4. Property, plant and equipment

Summary of property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	20,500	(9,477)	11,023	20,650	(8,029)	12,621
Office equipment	9,302	(4,846)	4,456	22,421	(8,540)	13,881
IT equipment	20,825	(16,099)	4,726	17,965	(14,095)	3,870
Printers	3,315	(2,064)	1,251	3,315	(1,884)	1,431
Total	53,942	(32,486)	21,456	64,351	(32,548)	31,803

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	12,621	-	(20)	(1,578)	11,023
Office equipment	13,881	-	(7,690)	(1,735)	4,456
IT equipment	3,870	3,960	(168)	(2,936)	4,726
Printers	1,431	-	-	(180)	1,251
	31,803	3,960	(7,878)	(6,429)	21,456

5. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	239,820	-	239,820	239,820	-	239,820

Reconciliation of investment property - 2019

	Opening balance	Total
Investment property	239,820	239,820

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	239,820	239,820

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

5. Investment property (continued)

Details of property

Mtwara Land Plot

Cost	212,112	212,112
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Dodoma Land Plot

Cost	9,235	9,235
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Mererani Mining Block

Cost	18,473	18,473
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The company owns 3 piece of land namely;

- Plot No 3 Block A, Mtepwezi Mtwara Municipality with title number 15772,
- Plot No 4 Block E Nzunguni Nanenane Dodoma Municipality the land was previous allocated to the company by TASO no title deed yet provided for the Dodoma plot
- Gemstones excl Kimberlic Diamond at Mererani in Simanjiro District with application number HQ-P28133.

6. Government securities

Held to maturity

Government bonds	9,677,922	4,249,239
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Non-current assets

Held to maturity	9,677,922	4,249,239
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The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The Company has invested in government securities that are held at maturity designated at amortised cost. Interest on re capitalisation bond is received semi-annually at variable rate, a maximum of 15.49% and minimum of 13.5%.

The company has government securities with face value of TZS 10,056.7 million (2018: TZS 4,323.7 million) with variable maturity of maximum 20 years and minimum 15 years. 6 government bonds are pledge as securities to borrowings advanced by CRDB Bank as disclosed in note 14

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

7. Deferred tax

Deferred tax liability

Property plant and equipment	1,605	170,792
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	1,605	170,792
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Reconciliation of deferred tax asset / (liability)

At beginning of year	170,792	-
Increases (decrease) in unrelieved tax losses	-	170,792
Taxable / (deductible) temporary difference movement on tangible fixed assets	260	-
Derecognition of deferred tax asset unrelieved loss that is no longer probable to be utilised	(170,792)	-
Taxable / (deductible) temporary difference on provisions	2,257	-
Taxable / (deductible) temporary difference movement on amortization	(912)	-
	<u>1,605</u>	<u>170,792</u>

8. Corporate bonds

The company had purchased a 5 year corporate bond valued at TZS 144 million issued by PTA Bank at an semi annual interest rate and redemption of the face value. Also had purchased a 7 year corporate bond valued at TZS 10 million issued by Exim Bank (Tanzania) Limited:

	2019 TZS'000	2018 TZS'000
Carrying value	<u>30,336</u>	<u>58,706</u>

9. Other investments

The company has invested in Mwanza Community Bank PLC which is unlisted equity share where it holds 10,000 ordinary shares, with the price of TZS 550 per share. No dividend has been declared for during the period.

10. Trade and other receivables

Financial instruments:

Accrued income	371,378	113,150
Deposits	5,184	5,184

Non-financial instruments:

Employee costs in advance	18,636	2,091
Prepayments	11,766	10,465

Total trade and other receivables	<u>406,964</u>	<u>130,890</u>
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Split between non-current and current portions

Current assets	<u>406,964</u>	<u>130,890</u>
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TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

10. Trade and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	376,562	118,334
Non-financial instruments	30,402	12,556
	406,964	130,890

11. Equity investment at FVOCI

Investments held by the company which are measured at fair value, are as follows:

Equity investments at fair value through other comprehensive income:

Listed shares	19,364,888	22,988,002
	19,364,888	22,988,002

Equity instruments at fair value through other comprehensive income

Certain investments in equity instruments have been designated, at initial recognition, as at fair value through other comprehensive income. The reason for this designation as opposed to fair value through profit or loss, is to avoid the effect of volatilities in the fair values of the investments from impacting profit or loss.

The specific investments which are measured at fair value through other comprehensive income are as follows:

Investments held at reporting date

	2019	2019	2018	2018
	Fair value	Dividends received	Fair value	Dividends received
CRDB Bank Plc	403,661	56,633	637,360	20,183
Tanzania Breweries Limited	7,089,665	308,953	10,325,521	532,285
Tanzania Cigarette Public Limited Company	5,130,600	157,691	5,130,600	114,684
Swissport Tanzania Limited	162,283	9,983	269,796	15,971
Tanga Cement Company Limited	176,696	-	181,997	8,835
Tanzania Portland Cement Company Limited	40,962	-	43,692	-
National Microfinance Bank Plc	6,111,813	163,765	6,111,813	167,161
Dar es Salaam Community Bank Limited	249,208	-	287,223	-
Total	19,364,888	697,025	22,988,002	859,119

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,895	1,926
Bank balances	12,004	514,719
Deposits	210,415	134,204
	224,314	650,849
13. Share capital		
Authorised		
5,000,000,000 Ordinary shares of TZS 20/= each	100,000,000	100,000,000
Reconciliation of number of shares issued:		
Reported at the beginning of the year - 71,092,400 ordinary shares of TZS 20/- each	-	1,421,848
Issue of shares – 1,865,260 ordinary shares of TZS 400/- each	-	746,104
Reported at 01 January 2019	2,167,952	-
	2,167,952	2,167,952
Issued		
72,957,660 ordinary shares of TZS 20/= each	1,459,153	1,459,153
Share premium- 1,865,260 ordinary share at TZS 380/= each	708,799	708,799
	2,167,952	2,167,952
14. Borrowings		
Held at amortised cost		
Secured		
Bank loan	3,000,000	-
Security :Government bonds		
Tenure: 10 years		
Interest on loan: 13.8%		
Repayment :Semi-annual Installments		
Split between non-current and current portions		
Non-current liabilities	2,789,285	-
Current liabilities	210,715	-
	3,000,000	-

As of 31 December 2019 the company has outstanding loan facility with CRDB Bank amounting to TZS 3,000,000,000/=, where the security lien include government treasury bond namely;

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

		2019 TZS '000	2018 TZS '000
14. Borrowings (continued)			
Security account number	Face value		Security number
BOTCDSCORU0528	1,500,000,000.00		106583
BOTCDSCORU0528	75,000,000.00		186724
BOTCDSCORU0528	75,000,000.00		186725
BOTCDSCORU0528	145,800,000.00		4154152
BOTCDSCORU0528	971,200,000.00		4137256
BOTCDSCORU0528	1,000,000,000.00		111956
15. Trade and other payables			
Financial instruments:			
Other payables		35,262	20,364
Accrued leave pay		9,027	-
		44,289	20,364
Exposure to liquidity risk			
Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.			
16. Dividend			
Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 6 per share, amounting to TZS 437,745,960. In 2018, dividend of TZS 2.54 per share, amounting to TZS 185,311,962 was approved and paid.			
17. Income			
Income from investments			
Interest income		1,053,981	539,970
Miscellaneous income		-	224
Dividend income		733,711	895,072
		1,787,692	1,435,266
18. Other operating gains (losses)			
Gains (losses) on disposals			
Property, plant and equipment	4	(6,290)	-
Equity investment		(82,120)	(58,459)
		(88,410)	(58,459)
Gains (losses) on disposals of equity investments			

During the year company disposed 150,000 shares of Tanzania Breweries Limited (TBL) with carrying amount of TZS 12,900/= per share at TZS 12,500/= per share for diversification purpose. These shares were purchased in 2012 with cost TZS 2,060/= per share.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
19. Other operating expenses		
The following items are included within operating expenses:		
Administration cost	435,891	645,070
Business development cost	47,207	31,543
Director's fee	42,000	44,000
Staff cost	512,680	381,926
Depreciation and amortisation	6,429	6,312
Auditor's remuneration	17,525	16,357
	1,061,732	1,125,208
20. Staff costs		
Staff costs		
Salaries	361,447	287,275
Medical expenses	9,676	9,461
Pension fund : NSSF	4,646	4,224
Workers Compensation fund	3,604	2,867
Skill Development Levy	17,700	12,927
Gratuity expenses	47,343	47,343
Leave pay provision charge	9,027	-
Staff travel cost	3,319	3,122
Staff training	30,594	9,140
Pension fund : PSSSF	10,166	5,567
Staff welfare	15,158	-
	512,680	381,926
21. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	6,429	6,312
22. Finance costs		
Facility charges	16,638	-

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
23. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	25,276	-
Local income tax - recognised in current tax for prior periods	16,735	-
	42,011	-
Deferred		
Originating and reversing temporary differences	(1,605)	(170,792)
Write off	170,792	-
	169,187	(170,792)
	211,198	(170,792)
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	620,912	251,599
Tax at the applicable tax rate of 25% (2018: 25%)	155,228	62,900
Tax effect of adjustments on taxable income		
Derecognition of deferred tax asset that is no longer probable to be utilised	170,792	-
Final tax on dividend income	(183,428)	(233,768)
Permanent difference	21,692	76
Adjustment on prior year corporate tax	45,304	-
Adjustment on prior year deferred tax	1,610	-
	211,198	(170,792)
24. Cash generated from operations		
Profit before taxation	620,912	251,599
Adjustments for:		
Depreciation and amortisation	6,429	6,312
Losses on disposals of assets	88,410	58,459
Finance costs	16,638	-
Changes in working capital:		
Trade and other receivables	(276,074)	575,590
Trade and other payables	23,923	(11,405)
	480,238	880,555

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
25. Tax paid		
Balance at beginning of the year	331,319	260,784
Current tax for the year recognised in profit or loss	(42,011)	-
Balance at end of the year	(340,051)	(331,319)
	(50,743)	(70,535)

26. Dividends paid

Balance at beginning of the year	(461,773)	(295,727)
Dividends	-	(185,698)
Balance at end of the year	172,186	461,773
	(289,587)	(19,652)

27. Contingencies

The Company is facing a claim from one of its shareholders/former directors for payment for cost of services offered to the Company in 2005. The Board denied his claim and the issue was taken to the arbitration tribunal where it was rejected but the panel awarded him damages. The Board was not satisfied with the award and the matter was petitioned to the High Court (Commercial Division) which on 30th November, 2018, ruled in favour of the Company by setting aside the award. However, the plaintiff has filed an application for revision to the Court of Appeal of Tanzania challenging the dismissal of the case by the High Court of Tanzania (Commercial Division). Based on legal advice, the directors do not expect the outcome of the actions to have a material effect on the Company's financial performances.

Apart from the above, directors are not aware of any contingent liability during the year.

28. Related parties

There were no balances and/or transactions with related parties during the year.

29. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes presentation in the current year.

The effects of the reclassification are as follows:

Statement of Financial Position

Investment property	-	239,820
Equity investments	-	22,988,002
Government securities	-	4,248,114
Corporate bonds	-	58,706
Other Investment	-	(27,534,642)
Share transactions cost	-	(18,609)
Total reserve	-	1,797,303
Equity reserve	-	(696,300)
Gain/ loss on sale of equity investment	-	(1,101,003)

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
29. Comparative figures (continued)		
Profit or Loss and Other Comprehensive Income		
Share transactions	-	18,609
Loss on disposal of equity investment -P&L	-	39,850
Loss on disposal of equity investment - OCI	-	(39,850)

30. Prior period errors

The company had not correctly recognized the interest income earned from investments in government securities for 2018.

The error has been rectified by adjusting prior year interest income and book value of trade and other receivables and government securities reported in the financial statements as per table below. The effect of the same on the tax has been taken into account in current year.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Government securities	-	1,126
Trade and other receivables	-	113,150

Profit or Loss and Other Comprehensive Income

Interest income	-	(114,276)
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31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note(s)	Fair value through other comprehen- sive income - equity instruments	Amortised cost	Total	Fair value
Corporate bonds	8	-	30,336	30,336	-
Equity investment	11	19,364,888	-	19,364,888	19,364,888
Government securities	6	-	9,678,019	9,678,019	-
Trade and other receivables	10	-	376,562	376,562	376,562
Cash and cash equivalents	12	-	224,314	224,314	224,314
		19,364,888	10,309,231	29,674,119	19,965,764

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
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31. Financial instruments and risk management (continued)

2018

	Note(s)	Fair value through other comprehen- sive income - equity instruments	Amortised cost	Total	Fair value
Corporate bonds		-	58,706	58,706	-
Equity investment	11	22,988,002	-	22,988,002	22,988,002
Government securities		-	4,248,114	4,248,114	-
Trade and other receivables	10	-	118,334	118,334	118,334
Cash and cash equivalents	12	-	650,849	650,849	-
		22,988,002	5,076,003	28,064,005	23,106,336

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
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31. Financial instruments and risk management (continued)

Categories of financial liabilities

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	44,287	44,287	-
Borrowings	14	3,000,000	3,000,000	-
Dividend payable	16	172,186	172,186	-
		3,216,473	3,216,473	-

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	20,364	20,364	-
Dividend payable	16	461,773	461,773	-
		482,137	482,137	-

Capital risk management

Borrowings	14	3,000,000	-
Trade and other payables	15	44,287	20,364
Total borrowings		3,044,287	20,364
Cash and cash equivalents	12	(224,314)	(650,849)
Net borrowings		2,819,973	(630,485)
Equity		27,096,382	28,374,786
Gearing ratio		10 %	(2)%

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
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31. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk; and
- Liquidity risk;

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	10	376,562	-	376,562	118,334	-	118,334
Cash and cash equivalents	12	224,314	-	224,314	650,849	-	650,849
		600,876	-	600,876	769,183	-	769,183

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

				2019 TZS '000	2018 TZS '000
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31. Financial instruments and risk management (continued)

2019

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	14	-	2,789,285	2,789,285	2,789,285
Current liabilities					
Trade and other payables		44,287	-	44,287	44,287
Borrowings	14	210,715	-	210,715	210,715
Dividend payable	16	-	172,186	172,186	172,186
		255,002	2,961,471	3,216,473	3,216,473

2018

		Less than 1 year	2 to 5 years	Total	Carrying amount
Current liabilities					
Trade and other payables	15	20,364	-	20,364	20,364
Dividend payable	16	-	461,773	461,773	461,773

32. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

TCCIA Investment Public Limited Company

(Registration number 38280)

Report And The Financial Statements for the year ended 31 December 2019

Notes to the Report And The Financial Statements

	2019 TZS '000	2018 TZS '000
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33. Events after the reporting period

The actual and potential effects of the COVID-19 pandemic along with the measures taken to contain the virus, on the business and its financial performance are being closely monitored by management. The directors have developed the required risk reporting framework in response to the epidemic, which is evolving rapidly, and its full impact is not yet known, and will continue to assess the risk exposures and increasingly broad effects of the threat on its financial statements for the subsequent periods. As at the date of issuance of these financial statements, an estimate of impact on the actual and projected effects of the outbreak on the business cannot be made.

The financial reporting effects of COVID-19 is considered a subsequent non-adjusting event as the development and spread of this virus happened in early 2020 and does not provide evidence of a condition that existed at 31 December 2019. Accordingly, no adjustments are made to the financial statements.

The company has changed the address of its registered office and principle place of business from Second Floor at The Copy Cat Building, Victoria area, Kinondoni, Dar es Salaam to Twenty fourth (24) floor at LAPF Millenium towers Bagamoyo road, Kijitonyama, Kinondoni, Dar es Salaam with effect from 1st February 2020.

Donald Jimogi Kamori has retired from being company secretary and chief executive officer. Peter W. Kifungomali was appointed as a new company secretary and cheif executive officer with effect from 1st January 2020.

Apart from above there were no events after the reporting period that had material impact to the financial statements.



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