

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



TANGANYIKA LAW SOCIETY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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TANGANYIKA LAW SOCIETY

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GENERAL INFORMATION

Registered Office:

Tanganyika Law Society Limited,
Plot No. 391,
Chato Street, Regent Estate,
P. O. Box 2148,
Dar es Salaam.
Tanzania.

Main Bankers:

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

CRDB Bank,
Tower Branch,
PPF Building,
Dar es Salaam.
Tanzania.

Auditors:

Claritas International,
Certified Public Accountants,
395 Ursino Building,
Morocco Junction,
MwaiKibaki Road,
P. O. Box 76062,
Dar es Salaam.
Tanzania.

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ABBREVIATIONS

AGM	Annual General Meeting
Cap	Chapter
CBA	Canadian Bar Association
CLE	Continuing Legal Education
DATF	Deceased Advocates Trust Fund
EALS	East Africa Law Society
EIA	Environment Impact Assessment
GTZ	Government of Tanzania
IAASB	International Auditing and Assurance Standards Board
IFRS	International Financial Reporting Standards
IPPF	International Professional Practice Framework
ISA	International Standards on Auditing
LAAC	Legal Aid and Advocacy Centre
LSF	Legal Service Facility
NBAA	National Board of Accountants and Auditors
NEMC	National Environment Management Council
R.E	Revised Edition
USD	United States Dollars
TLS	Tanganyika Law Society
TFRS	Tanzania Financial Reporting Standards
TZS	Tanzanian Shillings

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GOVERNING COUNCIL'S REPORT

1. INTRODUCTION

The Governing Council submits its report and the audited financial statements for the year ended 31 December 2018. This report has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS).

2. INCORPORATION

The Tanganyika Law Society (TLS) is the Bar association of Tanzania Mainland, founded in 1954 by an Act of Parliament – the Tanganyika Law Society Ordinance 1954. The Tanganyika Law Society is currently governed by the Tanganyika Law Society Act, Cap 307 R.E. 2002, which repealed the earlier legislation.

3. PRINCIPAL ACTIVITIES

Principal activity of the Society is promotion of the legal profession in Tanzania Mainland.

4. VISION, MISSION AND OBJECTIVES

Vision:

A Society where Justice is upheld.

Mission:

To promote and protect access to justice, good governance and rule of law for all with sustained professional standards.

Objectives of the Society

- (a) To maintain and improve the standards of conduct and learning of the legal profession.
- (b) To facilitate the acquisition of legal knowledge by members of the legal profession.

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

4. VISION, MISSION AND OBJECTIVES

- (c) To assist the Government and the courts in all matters affecting legislation and the administration and practice of the law.
- (d) To represent, protect and assist members of the legal profession as regards conditions of practice and otherwise.
- (e) To do all such other things as are incidental or conducive to the attainment of the foregoing objectives or any of them.
- (f) To invest and deal with moneys of the Society not immediately required in such manner as may from time to time be determined by the Society.
- (g) To raise or borrow money for purposes of fulfilling all or any of the foregoing objectives in such manner and upon such security as may from time to time be determined by the Society.
- (h) To do all other things which are incidental or conducive to the attainment of the foregoing objects or any of them

5. RESULTS FOR THE YEAR

During the year, the Society made a deficit of TZS393,665,331(2017: A deficit of TZS 462,450,566). Details of the Society's performance are shown on page 21.

6. PERFORMANCE FOR THE YEAR

Performance for the year on the basis of the approved budget for the year was as follows:

(i) Revenue

Descriptions	Actual	Budget	Variance	%
Members' Contribution	1,100,575,735	1,484,120,004	(383,544,269)	(26%)
CLE Fees	937,115,824	866,200,000	70,915,824	8%
Other Income	164,557,062	624,095,000	(459,537,938)	(74%)
Project Income	815,444,187	1,446,024,822	(630,580,635)	(44%)
Exchange Gain	10,122,047		10,122,047	-
	3,027,814,855	4,420,439,826	(1,392,624,971)	(32%)

TANGANYIKA LAW SOCIETY

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GOVERNING COUNCIL'S REPORT (CONTINUED)

6. PERFORMANCE FOR THE YEAR (CONTINUED)

(i) Revenue (Continued)

The difference is mainly caused by shortfall in collection of membership subscription fees, poor response from sponsors, delay in implementation of projects funded by development partners, hence delay in disbursements of funds.

(ii) Expenditure

The actual expenditure against budget was as follows:

Descriptions	Actual	Approved Budget	Variance	%
Programmes Expenses	1,261,589,666	1,663,875,928	402,286,262	24%
Chapter Expenses	172,941,802	250,104,000	77,162,198	31%
Projects Expenses	815,444,187	1,269,076,693	453,632,506	36%
Staff Costs	785,342,284	1,012,854,319	227,512,035	22%
Operating Expenses	338,282,389	237,840,000	(100,442,389)	(42%)
Total Expenditures	3,276,573,632	4,433,750,940	1,157,177,308	26%

As a result of shortfall in collections, correspondingly, actual expenditures are lower than the budget, except in operating expenses whereby, actual expenditure is fortytwo percent above the budget. This phenomenon was mainly contributed by depreciation expense of TZS 88,156,436, increase in bank charges and travelling expenses.

7. FUTURE DEVELOPMENT

Major focus of the Society is to ensure growth, sustainability and successful implementation of its mandates; TLS intends to expand its membership base across the country, increase number of projects/programs implemented and start income generating initiatives. Also, with increased number of members, TLS intends to increase the number of and improve capacities of its human resources.

The construction of Wakili House is in progress and as such the Society expects to move into its own new office building in the near future.

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

LAAC Project background information

The Legal Aid and Advocacy Centre (LAAC) is a project aimed at the construction of a building that can provide enough space to house the ever-increasing TLS statutory role of providing legal aid, human rights advocacy, legal reform activities and administrative activities. The LAAC project is popularly known as "Wakili House".

Commencement of construction works

Project site was handed over to the contractor M/S Flintstone Engineering in Joint Venture (JV) with Pioneer Builders Ltd on 1 May 2017. However, actual commencement of construction work was delayed due to late production of geotechnical investigation results, thus the construction work commenced in July 2017.

Cost of the LAAC project

Total cost of the project was initially estimated at TZS 2,910,937,019. However, as at 31 December 2018 cost variations amounting to TZS 669,907,187 were recorded. The variation cost as approved by the Governing Council comprised of the following:

Descriptions	VAT excl.	VAT (18%)	Total
Geotechnical investigation	16,654,638	2,997,835	19,652,473
Revised substructure emanating from geotechnical investigation	89,124,982	16,042,497	105,167,479
Variation implication on reinforcement steel discrepancy between drawings and bar bending schedule	46,346	8,342	54,688
Consultation fee for conducting EIA	11,298,500	2,033,730	13,332,230
Costs for registering the EIA Project at NEMC	10,000,000	1,800,000	11,800,000
NEMC penalty	3,000,000	540,000	3,540,000
Variation works including changes in layout plan, change from glass wall to glass block at the spiral staircase, change of bars, introduction of new beams and granite tile to lift shaft wall	21,823,498	3,928,230	25,751,728
Variations in the ground floor plan particularly conversion of ground floor from parking to	118,596,567	21,347,382	139,943,949

TANGANYIKA LAW SOCIETY

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GOVERNING COUNCIL'S REPORT (CONTINUED)

office space			
Additional cost arising from changed location of the transformer	29,263,852	5,267,493	34,531,345
Additional costs in connection to CCTV, Access Control, Public Address, Electric Fencing & Videoconferencing	135,285,749	24,351,435	159,637,184
Additional costs for construction of new fence wall	121,736,323	21,912,538	143,648,861
Construction of the Parking Lot at the adjacent open space. A Landscape Architect has already been engaged and concept designs submitted to Kinondoni Municipal Council for Planning Approval.	10,887,500	1,959,750	12,847,250
Total	567,717,955	102,189,232	669,907,187

Following the variations of works which have occurred, the contract sum has increased from TZS 2,910,937,019 to TZS 3,580,844,206. It is our considered opinion that the variations costs were inevitable. The additional costs were approved by the Quantity Surveyor and are within market prices in accordance with the Quantity Surveyor advice.

Financial Status

Detailed analysis of the financial performance and position of the LAAC Project is shown in Note 18 to the financial statements.

Financing of the LAAC Project

In 2008, through the Annual General Meeting, it was decided that every member should contribute TZS 50,000 towards construction of the WAKILI House. During the first two years, members were voluntarily contributing to the fund. By 2010 it was further resolved that contributions will be mandatory for each member. Since then members continued to contribute towards construction of the WAKILI house.

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GOVERNING COUNCIL'S REPORT (CONTINUED)

Apart from members' contributions, other sources of funds for the construction of WAKILI house are fund raising events and soft loan.

In addition, Governing Council decided to borrow from Deceased Advocates Trust Fund (DATF) a loan of TZS 400,000,000 to fund construction works of the WAKILI house. The loan is payable in eighteen months from July 2018 at a rate of 10% per annum.

8. COMPOSITION OF THE GOVERNING COUNCIL

The Governing Council members who resigned on 14th April 2018 immediately after election of new Governing Council members were as shown below:

S/N	Name	Designation	Age	Discipline / Qualifications	Nationality	Appointment date
1	Tundu Antipas Lissu	President	50	LLB, LLM	Tanzanian	13 th March 2017
2	Godwin Simba Ngwilimi	Vice President	50	LLB, LLM,	Tanzanian	13 th March 2017
3	SaddockMaggai	Honorary Treasurer	55	LLB,	Tanzanian	13 th March 2017
4	Aisha Sinda	Member	34	LLM,LLB	Tanzanian	13 th March 2017
5	Stephen Axwesso	Member	36	LLB, Post Graduate (Legal Practice)	Tanzanian	13 th March 2017
6	Jeremiah Mtobesya	Member	36	LLB, Post Graduate (Legal Practice)	Tanzanian	13 th March 2017
7	Godluck Walter	Member	35	LLB, Post Graduate (Legal Practice), Post graduate in Law, Mediation and Arbitration	Tanzanian	13 th March 2017
8	Lambaji Madai	Member	40	LLB, Post Graduate (Legal Practice)	Tanzanian	13 th March 2017
9	Hussein Mtebwa	Member	38	LLB,LLM	Tanzanian	13 th March 2017
10	Madeline Kimei	Member	32	LLB, LLM, Post Graduate (Legal Practice)	Tanzanian	13 th March 2017

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GOVERNING COUNCIL'S REPORT (CONTINUED)

Starting from 14th April 2018 the Governing Council members who served the Society up to the date of this report are as follows;

S/N	Name	Designation	Age	Discipline / Qualifications	Nationality	Appointmentdate
1	Fatma A Karume	President	49	LLB, LLM	Tanzanian	14 th April 2018
2	Dr. Rugemeleza Nshalla	Vice President	53	LLB, LLM, MEM	Tanzanian	14 th April 2018
3	CPA Advocate Nicholaus Duhia	Honorary Treasurer	64	LLB, CPA(T), DTA, PGDFM	Tanzanian	14 th April 2018
4	Aisha Sinda	Member	35	LLM,LLB	Tanzanian	14 th April 2018
5	Stephen Axwesso	Member	36	LLB, Post Graduate (Legal Practice)	Tanzanian	14 th April 2018
6	Jeremiah Mtobesya	Member	36	LLB, Post Graduate (Legal Practice)	Tanzanian	14 th April 2018
7	Godluck Walter	Member	35	LLB, Post Graduate (Legal Practice), Post graduate in Law, Mediation and Arbitration	Tanzanian	14 th April 2018
8	Lambaji Madai	Member	40	LLB, Post Graduate (Legal Practice)	Tanzanian	14 th April 2018
9	Magdalena Sylister	Member	36	LLB,LLM	Tanzanian	14 th April 2018
10	JebraKambole	Member	32	LLB, Post Graduate (Legal Practice)	Tanzanian	14 th April 2018

All members of the Governing Council are non-executives.

Secretary to the Governing Council during the year was Mariam Othman.

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

9. MEETINGS OF THE GOVERNING COUNCIL

The Governing Council is required to meet at minimum four times yearly whereby the meetings are held on every quarter. However, the Governing Council may convene extra ordinary meeting to discuss non-routine matters or whenever there is an urgent matter which needs consideration by the Governing Council. Accordingly, during the year ended 31 December 2018, the Council which served between January and April 2018 held one ordinary and four extra meetings.

Attendance of the Governing Council members who resigned on the 13thApril 2018 to pave way for the current Governing Council members are as shown below;

S/N	Name of Governing Council Member	Position	Number of Meetings Attended
1	Tundu Antipas Lissu	President	0
2	Godwin Simba Ngwilimi	Vice President	5
3	SaddockMaggai	Honorary Treasurer	2
4	Aisha Sinda	Member	2
5	Jeremiah Mtobesya	Member	4
6	Stephen Axwesso	Member	5
7	Hussein Mtebwa	Member	5
8	Godluck Walter	Member	5
9	Lambaji Madai	Member	4
10	Madeline Kimei	Member	2

Whereas Council members who served from April 2018 to the date of this report held three ordinary meetings and six extraordinary Council meetings.

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GOVERNING COUNCIL'S REPORT (CONTINUED)

The attendance to the Governing Council members who served from April 2018 to the date of this report was as follows:

S/N	Name of Governing Council Member	Position	Number of Meetings Attended
1	Fatma Karume	President	6
2	Dr. Rugemeleza Nshala	Vice President	7
3	CPA Nicholaus Duhia	Honorary Treasurer	5
4	Aisha Sinda	Member	5
5	Jeremiah Mtobesya	Member	7
6	Stephen Axwesso	Member	7
7	Magdalena Sylister	Member	5
8	Godluck Walter	Member	6
9	Lambaji Madai	Member	2
10	JebraKambole	Member	5

10. COUNCIL COMMITTEES

The Governing Council has two committees responsible for financial affairs of the Society namely, the Executive Committee and Audit Committee.

Executive Committee

The Executive Committee is one of the committees of the Governing Council consist of the President, Vice President and the Honorary Treasurer. The Committee plays an important role in assisting the Governing Council in carrying out the works of the Society. In addition, the Executive Committee takes on work assigned or delegated to it by the Governing Council.

The composition of the Executive Committee as at 31 December 2018 was as follows:

S/N	Name of Governing Council Member	Position	Number of Meetings Attended
1	Fatma Aman Karume	President	4
2	Dr. Rugemeleza Nshala	Vice President	3
3	CPA Nicholaus Duhia	Honorary Treasurer	4

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GOVERNING COUNCIL'S REPORT (CONTINUED)

Audit Committee

The Committee is composed of six members. The main responsibility of the Committee is to advise the Council on all audit, risk and compliance matters which need consideration of the Council. The Committee held three (3) meetings during the year ended 31 December 2018.

The composition of the Audit Committee as at 31 December 2018 was as follows:

S/N	Name of Governing Council Member	Position	Number of Meetings Attended
1	CPA Nicholaus Duhia	Chairperson	3
2	CPA Frederick Msumali	Member	3
3	Casmir Nkuba	Member	3
4	CPA RwekamwaRweikiza	Member	3
5	Aisha Bade	Member	1
6	Magdalena Sylistar	Member	3

11. MANAGEMENT

Management of the Society is under the Chief Executive Officer and is organized in departments as follows:

- a) Programs
- b) Finance;
- c) Human Resource and Administration;
- d) Business Development and
- e) Corporate Secretary.

12. HUMAN RESOURCES

During the year, the Society had 36 employees (2017:25). The human capital comprised of competent staff in various operational areas. This provides assurance to the Society for attainment of its key strategic goals.

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

13. EMPLOYEES WELFARE

(i) Management/employee relationship

The relationship between employees and management during the year was good. There were no unresolved complaints received by management from individual employees or groups thereof.

(ii) Employee benefits

Tanganyika Law Society has a defined contribution plan for its employees with various Pension Funds, under which the employees contribute 10% of their monthly salary and 10% is contributed by the Society.

14. GOING CONCERN

The Governing Council confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The financial statements have been prepared on an ongoing concern basis despite the fact that the Society made a deficit of 393,665,331(2017: TZS 462,450,566) and had net cash outflow from operations amounting TZS 1,017,530,115 (2017: 1,094,538,212). The Governing Council Members have reasonable expectation that Tanganyika Law Society has adequate resources to continue in operational existence for the foreseeable future based on explanations provided on Note 2 to the Financial Statements.

15. RISK ASSESSEMENT AND INTERNAL CONTROL

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

- a) The effectiveness and efficiency of operations;
- b) The safeguarding of Tanganyika Law Society's assets;
- c) Compliance with applicable laws and regulations;
- d) The reliability of accounting records;

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

- e) Business sustainability under normal as well as adverse conditions; and
- f) Responsible behaviors towards all stakeholders.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the International Financial Reporting Standards (IFRS) and other applicable legislation, regulations, authorities and policies.

16. GENDER PARITY

Tanganyika Law Society attempts to abide to the national gender balance policy and has been very keen in gender balance appointments in various employment levels at the Society. The gender parity at 31 December 2018 was as follows:

Description	2018	2017
Male employees	17	13
Female employees	19	12
Total employees	36	25

17. FIDUCIARY RESPONSIBILITIES

The Society's Governing Council members as stewards of Tanganyika Law Society always acted for the good of the organization, rather than for the benefit of themselves throughout the year ended 31 December 2018. Reasonable care was exercised in all decisions taken by the Society, without placing the organization under unnecessary risk.

18. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties are as disclosed under Note 20 to the financial statements.

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GOVERNING COUNCIL'S REPORT (CONTINUED)

19. ENVIRONMENTAL CONTROL PROGRAM

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

20. CORPORATE SOCIAL RESPONSIBILITY

During the year the Society continued to provide direct support to the community in which it operates in form of social and financial support. Through its Legal Aid Unit the Society managed to provide free legal services to 357 members of the public at its Headquarters in Dar es Salaam, TLS offices in 11 regions of Tanzania and advocates on dock brief and pro bono legal aid services. And as such, advocates had the opportunity to mediate, reconcile, advise and hear problems facing people for court cases. Expenditure incurred in respect of corporate social responsibility during the year was TZS 4,500,000(2017: 9,000,000).

21. CHARITABLE AND POLITICAL DONATIONS

The Society made donation to Tanzania Women Lawyers Association (TAWLA) totaling to TZS 3,000,000/-during the year (2017: 460,000). There were no donations made by the Society for political activities during the year (2017: Nil).

22. EVENTS AFTER REPORTING PERIOD

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

23. ACCOUNTING POLICIES

A summary of key accounting policies is in Note 3 to the financial statements and were consistently applied during the year under review.

TANGANYIKA LAW SOCIETY

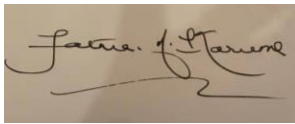
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GOVERNING COUNCIL'S REPORT (CONTINUED)

24. AUDITORS

Claritas International (Tanzania) were the auditors of the Society during the year ended 31 December 2018. They have expressed their willingness to continue and are eligible for re-appointment.

BY ORDER OF THE GOVERNING COUNCIL



Fatma Amani Karume
President

3 April 2019

Date

TANGANYIKA LAW SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF GOVERNING COUNCIL'S RESPONSIBILITIES

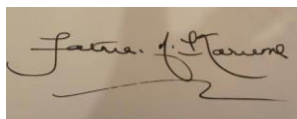
The Governing Council is required to prepare financial reports for each financial year that give a true and fair view of the state of affairs of the Society, its operations and sources and applications of the funds obtained during the year. The Governing Council is also responsible for safeguarding of the assets of the Society.

The Governing Council is responsible for preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Tanganyika Law Society Act, Cap 307 R.E. 2002, which repealed the earlier legislation and such internal controls as the Council determines are necessary to enable the preparation of the financial statements that are free from material misstatement whether due to fraud or error.

The Governing Council accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and in the manner required by applicable laws. The Governing Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Council and of its operating results. The Governing Council further accept responsibility for the maintenance of the accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

The Governing Council certifies that to the best of the knowledge and belief, the information furnished to auditors for the purpose of the audit was correct and complete in every respect. Nothing has come to the attention of the Governing Council to indicate that the Tanganyika Law Society will not remain a going concern for a foreseeable future from the date of this statement. Details about the Governing Council's assessment of going concern is included in Note 2 to the financial statements.

BY ORDER OF THE GOVERNING COUNCIL



Fatma Amani Karume
President

3 April 2019

Date

TANGANYIKA LAW SOCIETY

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DECLARATION OF HEAD OF FINANCE

The National Board of Accountants and Auditor (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 unit responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Governing Council to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Governing Council under the Statement of Governing Council's responsibility on an earlier page.

I, John Mwang'ombola, being the Head of Finance unit of Tanganyika Law Society hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards and Tanganyika Law Society Act, Cap 307 R.E. 2002.

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

Signed by:



CPA John Mwang'ombola

Registration number: GA 1125

For and on behalf of Tanganyika Law Society

Dar es Salaam.

Date 3 April, 2019



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE TANGANYIKA LAW SOCIETY

The Governing Council
Tanganyika Law Society
Plot No. 391, Chato Street
Regent Estate
P.O. Box 2148
Dar es Salaam, Tanzania

Unqualified opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Tanganyika Law Society, as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and Companies Act No 12 of 2002.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Tanganyika Law Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without qualifying our opinion, we draw the attention of the users of this report on the following matters to the financial statements:

a) The Society has recorded a deficit of TZS 393,665,331 (2017: TZS 462,450,566) and has a net cash deficit used in operating activities of TZS 1,017,530,115 (2016: TZS 1,094,538,212).

These conditions indicate the existence of a material uncertainty, which casts significant doubt on the Society's ability to continue as a going concern. Refer Note 2 to the financial statements for details.

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Partners: Avelyne J. Msaki Chrisant C. Bantulaki Irene E. Swai Angelica B. Tarimo

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANGANYIKA LAW SOCIETY

FOR THE YEAR ENDED 30 JUNE 2018(CONTINUED)

b) Non-Compliance with International Financial Reporting Standards (IFRS) on revenue recognition

The Society adopted International Financial Reporting Standards in 2014. IFRS 15 requires income to be recognized upon fulfillment of contractual obligations. The Society fulfils its obligation to members by handling members matters and facilitate a number of processes.

However, in revenue recognition, the Society uses cash basis. Members annual fees are recognized when paid up. Under IFRS 15 revenue was supposed to be recognized against receivables when members do not pay. The receivables will then be reduced by the paid-up amounts.

In this regard the Society is not fully compliant with IFRS specifically a departure from IFRS 15 on revenue recognition for membership fees.

Management responsibility to the financial statements

As described in the Statement of Management' Responsibilities, the Governing Council of Tanganyika Law Society are responsible for the preparation of financial statements of the Tanganyika Law Society for the year ended 31 December, 2017 in all material respects in accordance with TFRS1.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANGANYIKA LAW SOCIETY

FOR THE YEAR ENDED 30 JUNE 2018(CONTINUED)

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.

- a) 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 Tanganyika Law Society's internal control.
- b) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- c) 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 Tanganyika Law Society'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 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 Tanganyika Law Society to cease to continue as a going concern.
- d) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- e) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Tanganyika Law Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Tanganyika Law Society audit. We remain solely responsible for our audit opinion.

We communicate with management 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 MEMBERS OF TANGANYIKA LAW SOCIETY

FOR THE YEAR ENDED 30 JUNE 2018(CONTINUED)

From the matters communicated with the Governing Council members, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

Other information

The Governing Council members are responsible for the other information. The other information comprises Governing Councils' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with 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 on the other information, 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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to intended users. As a result, the financial statements may not be suitable for another purpose. The purpose of the audit report is therefore restricted for the intended users and should not be distributed to or used by parties other than aforementioned.

The engagement partner on the audit resulting in this independent auditor's report is Chrisant Christopher



ACPA Chrisant Christopher

For and on behalf of Claritas International

Certified Public Accountants

Dar es Salaam

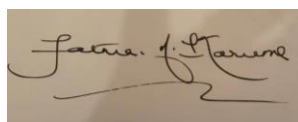
Date: 3 April 2019

TANGANYIKA LAW SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

	<u>Notes</u>	2018 <u>TZS</u>	2017 <u>TZS</u>
Income			
Membership subscription fees	5	1,100,575,735	1,035,602,984
Continued Legal Education fees	6	937,115,824	675,349,320
Other Income	7	164,557,062	85,711,325
Project Income	8	704,650,724	791,838,758
Exchange gain		10,122,047	-
		<u>2,917,021,392</u>	<u>2,588,502,387</u>
Expenses			
Administration expenses	9	(1,772,813,858)	(1,806,424,115)
Project expenses	10	(752,530,581)	(758,964,662)
Personnel expenses	11	(785,342,284)	(485,564,176)
		<u>(3,310,686,723)</u>	<u>(3,050,952,953)</u>
Deficit for the year		<u>(393,665,331)</u>	<u>(462,450,566)</u>

The notes on pages 25 to 49 form an integral part of these financial statements. The financial statements on pages 21 to 24 were approved by the Governing Council on 3 April 2019 and were signed on its behalf by:



Fatma Amani Karume
President

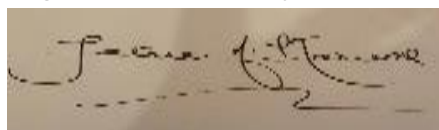


CPA Nicholaus Duhia
Honorary Treasurer

TANGANYIKA LAW SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2018	2017
		<u>TZS</u>	<u>TZS</u>
Non-current assets			
Property and equipment	12	3,096,496,073	1,373,417,570
Intangible assets	13	28,580,093	47,972,218
		<u>3,125,076,166</u>	<u>1,421,389,788</u>
Current assets			
Trade and other receivables	14	65,678,747	76,747,011
Stocks – Law report books		78,365,001	42,770,000
Cash and bank balances	15	412,641,304	408,267,279
Total current assets		<u>556,685,052</u>	<u>527,784,290</u>
Total Assets		<u>3,681,761,218</u>	<u>1,949,174,078</u>
EQUITY AND LIABILITIES			
Capital fund		1,910,000	1,910,000
Capital grant – LAAC Project	16	1,486,180,435	893,532,423
General accumulated reserves		(273,659,557)	120,005,774
Revaluation reserves		529,421,493	395,253,242
Total equity		<u>1,743,852,371</u>	<u>1,410,701,439</u>
Current Liabilities			
Trade and other payables	17	209,502,052	263,535,813
Members subscription received in advance		316,093,960	-
LAAC Project retention		695,439,225	-
Deferred contributions - LAAC Project	18	71,340,696	73,756,407
Deferred grants for donor funded projects	19	245,432,501	201,180,419
		<u>1,537,808,434</u>	<u>538,472,639</u>
Non-Current Liabilities			
DATF Loan		400,100,413	-
Total equity and liabilities		<u>3,681,761,218</u>	<u>1,949,174,078</u>

The notes on pages 25 to 49 form an integral part of these financial statements. The financial statements on pages 21 to 24 were approved by the Governing Council on 3 April 2019 and were signed on its behalf by:



Fatma Amani Karume
President



CPA Nicholaus Duhia
Honorary Treasurer

TANGANYIKA LAW SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CHANGES IN EQUITY

	Capital Fund	General Accumulated Reserves	Capital grant	Revaluation Reserve	Total
	TZS	TZS	TZS	TZS	TZS
<u>For the year ended 31 December 2018</u>					
As at 1 January 2017	1,910,000	120,005,774	893,532,423	395,253,242	1,410,701,439
LAAC Project expenditure capitalized during the year			592,648,012		592,648,012
General accumulated fund	-	-	-	-	-
Revaluation surplus	-	-		134,168,251	134,168,251
Deficit for the year	-	(393,665,331)		-	(393,665,331)
As at 31 December 2018	<u>1,910,000</u>	<u>(273,659,557)</u>	<u>1,486,180,435</u>	<u>529,421,493</u>	<u>1,743,852,371</u>
<u>For the year ended 31 December 2017</u>					
As at 1 January 2017	1,910,000	582,456,340	-	395,253,242	979,619,582
LAAC Project expenditure capitalized during the year	-	-	893,532,423		893,532,423
Revaluation surplus	-	-	-	-	-
Deficit for the year	-	(462,450,566)	-	-	(462,450,566)
As at 31 December 2017	<u>1,910,000</u>	<u>120,005,774</u>	<u>893,532,423</u>	<u>395,253,242</u>	<u>1,410,701,439</u>

The Notes on pages 25 to 49 form an integral part of these financial statements.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CASH FLOWS

	Notes	2,018 <u>TZS</u>	2,017 <u>TZS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(393,665,331)	(462,450,566)
Adjustment for:			
Amortization of intangible assets	13	19,392,125	2,071,196
Depreciation expense	12	68,764,311	20,486,586
Write-off costs of the TLS building		-	145,562,646
Amortization of project grants	19	(704,650,724)	(791,838,758)
		<u>(1,010,159,619)</u>	<u>(1,086,168,896)</u>
<i>Changes in working capital</i>			
Decrease in Trade and other receivables		11,068,264	2,876,263
Increase in stock – Books		35,595,001	(42,770,000)
Increase in trade and other payables		(54,033,761)	31,524,421
		<u>(7,370,496)</u>	<u>(8,369,316)</u>
Net cash used in operating activities		<u>(1,017,530,115)</u>	<u>(1,094,538,212)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of computer software	13	-	(47,435,130)
Members' contributions received for LAAC project	18	663,988,708	175,521,399
Acquisition of property and equipment		(1,486,527,257)	(895,512,423)
Retention		695,439,225	-
Net cash used in investing activities		<u>(127,099,324)</u>	<u>(767,426,154)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from development partners	19	748,902,807	902,734,956
Refund to development partners		-	(71,265,488)
Loan from DATF	18	400,100,658	-
Net cash inflow in financing activities		<u>1,149,003,465</u>	<u>831,469,468</u>
Net decrease in cash and cash equivalents		4,374,026	(1,030,494,898)
Cash and cash equivalents at the beginning of the year		408,267,278	1,438,762,176
Cash and cash equivalents at the end of the year	16	<u>412,641,304</u>	<u>408,267,278</u>

The Notes on pages 25 to 49 form an integral part of these financial statements.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tanganyika Law Society was established in 1954 under Tanganyika Law Society Ordinance CAP 307. The Tanganyika Law Society is currently governed by the Tanganyika Law Society Act, Cap 307 R.E. 2002 that repealed the earlier legislation. Its registered address is:

Plot No. 391, Chato Street,
Regent Estate, P.O. Box 2148,
Dar es Salaam, Tanzania.

2 GOING CONCERN

The Society has recorded a deficit of TZS 393,665,331 (2017: TZS 462,450,566) and has a net cash deficit used in operating activities of TZS 1,017,530,115 (2017: TZS 1,094,538,212). In addition, its current ratio of 0.36:1 (2017: 0.77:1). These conditions indicate the existence of a material uncertainty, which casts significant doubt on the Society's ability to continue as a going concern. However, the Governing Council members believe that the Society will continue as a going concern on the following grounds:

- a) Applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis;
- b) The Governing Council has reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The current ratio at year end was 0.78:1 (2017: 0.77:1); however, included in current liabilities is a total of TZS 245,432,501 (2017: TZS 201,180,419) relating to deferred grants for project funded by the development partners. These funds are held in the bank accounts waiting for the implementation of intended activities and not for payment to third parties.
- c) Members have a legal obligation to pay their annual membership fees as a requirement for them to continue practicing. As a result, no doubt that the funding of the Society for its operating activities shall continue in a foreseeable future.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and under the historical cost convention, except for revenue recognition from members which is on cash basis. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions.

It also requires management to exercise its judgement in the process of applying the Tanganyika Law Society's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(b) Statement of compliance

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, except for revenue recognition from members as explained above, and comply with the provisions of the Tanganyika Law Society Act, CAP 307 R.E. 2002.

(c) Adoption of new and revised International Financial Reporting Standards

The Society applied for the first-time certain standards and amendments relevant to it, which are effective for the first time on annual periods beginning on or after 1 January 2017 as follows:

Amendments to IAS 7 *Statement of Cash flows*

- On 26 January 2016 the IASB issued amendments to IAS 7 which require improvements in information provided to users of financial statements about an entity's financing activities. The amendments were effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. To achieve the intended objective, the IASB required changes in liabilities or assets arising from financing activities to be disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The amendments stated that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments stated that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The Society applied the amendments to IAS 7 during the year. However, there were no assets and liabilities arising from financing activities at year end to require a reconciliation or separate disclosure in the financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Society adopted the new standard on the required effective date. During the year 2018, the Society performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Society in the future. Overall, the Society has no significant impact on its statement of financial position and equity.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

(a) Classification and measurement

There was no impact in statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

IFRS 9 requires the Society to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Society expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Society does not expect a significant impact on its equity but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward- looking elements to determine the extent of the impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Society adopted the new standard on the required effective date using the full retrospective method. During 2017, the Society performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Society is considering the clarifications issued by the IASB in April 2017 and will monitor any further developments.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

(d) Newly issued standards which are not yet adopted by the Society.

IFRS 16 Leases

IFRS 16 was issued in January 2017 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for

(d) Newly issued standards which are not yet adopted by the Society (Continued)

IFRS 16 Leases (Continued)

all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low- value' assets (for example, personal computers) and short-term leases (that is, leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (that is, the lease liability) and an asset representing the right to use the underlying asset during the lease term (that is., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Society plans to assess the potential effect of IFRS 16 on its financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Recognition of revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Membership subscription fees

Members' subscription income is accounted for on cash basis. Members subscriptions paid in advance are matched and recognized in the accounting period to which they relate.

CLE Seminar Fees

The CLE fees are received from by the members who pay to attend refresher trainings conducted as part of Continuing Legal Education (CLE). Members are required to attain a minimum of ten (10) CLE points per annum. These are accounted for as per actual collections.

Project income (Grants and donations)

Grants and donations are recognized where there is reasonable assurance that they will be received and all attaching conditions will be complied with.

When the grant or donation relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant or donation relates to an asset, the fair value is credited to a deferred income account and is released to the statement of income and expenditure over the expected useful life of the relevant asset by equal annual instalments.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Net trading income and other income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. Other income is recognized in the period in which it is earned.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Recognition of expenses

The effects of expenses are recognized when they occur (and not as cash or its equivalent is paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

(g) Employees' benefits including post-employment benefits

Short-term employment benefits such as salaries and social security contributions are recognized in the statement of income and expenditure when they fall due.

Post-retirement benefits

The Society operates a defined contribution plan whereby each of its employees and the Society contribute 10% of employee basic salary in respect of National Social Security Fund (NSSF), Parastatal Pensions Fund (PPF) and Public Service Pensions Fund (PSPF). Apart from these monthly contributions, the Society has no further commitments or obligations to the Funds and it has no other post-retirement benefit scheme. The contributions are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Other employee benefits

The Society provides free medical treatment to staffs and their dependents through a medical scheme at designated hospitals. The cost is charged to the statement of profit or loss and other comprehensive income.

(h) Provision

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the Society expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(k) Trade and other receivables

Trade and other receivables are measured at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure. Society has transferred substantially all risks and rewards of ownership.

(l) Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be used on the obligations, and a reliable estimate of the amount can be made.

(m) Deferred grants and contributions

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Grant received in monetary form to meet project expenses is treated as income and expensed to the statement of financial performance in the respective financial year. Where intended project activities in respect of the grant received are not implemented at year end the respective income is treated as deferred grant and contributions.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, deposits held at call with banks and investments with maturity periods of three months or less in money market instruments.

(p) Impairment of financial assets

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

The Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

(q) Derecognition of financial assets and liabilities abilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Society has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Society's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenditure.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (“the functional currency”). The financial statements are presented in Tanzanian Shilling (TZS), which is the Society’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shilling (TZS) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets (bid price) and liabilities (offer price) denominated in foreign currencies are recognized in the statement of income and expenditure.

(s) Value added tax

Expenses and assets are recognized inclusive of the amount of value added tax.

(t) Income tax

Tanganyika Law Society is established as a Society by an Act of Parliament. By virtue of being a members’ association and a non-profit making organization, the Society is exempted from paying corporation tax.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Property and equipment

Property and equipment are stated at historical cost amount less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

Depreciation is calculated on a straight-line basis over the useful life of the assets. The annual rates of depreciation which have been consistently applied are:

<u>Description</u>	<u>Useful life (Years)</u>	<u>Depreciation rate</u>
Land	-	0%
Building	40	2.5%
Office furniture and fittings	8	12.5%
Computers, printers and scanners	3	33.3%
Machinery and Equipment	8	12.5%
Library Books	8	12.5%
Accounting Package	3	33.3%
Motor Vehicles	4	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

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

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and expenditure. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(v). Leases

Leases entered into by the Society are operating leases. The total payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Society's activities expose it to a variety of financial risks, including market risk and credit risk. The Society's overall risk management Program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the Society does not hedge any risks.

a) Market risk

(i) Foreign exchange risk

The Society's activities expose it to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars. Foreign exchange risk arises from future commercial transactions, and recognized assets and liabilities.

If at 31 December 2018 the exchange rate were to change by $\pm 10\%$ at year end, then the net results of the Society would change by TZS 4,539,708 (2017: TZS 5,463,664). Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Interest rate risk

The Society had no borrowings at year end. Thus, the Society had no interest rate risk at year end.

b) Credit risk

Credit risk arises from deposits with banks, as well as trade and other receivables. The Society does not have any significant concentrations of credit risk.

The amount that best represents the Society's maximum exposure to credit risk at 31 December 2018 and 2016 is made up as follows:

	<u>Fully performing</u>
	TZS
As at 31 December 2018	
Receivables(excluding prepayments) (Note 15)	20,316,219
Cash at bank (Note 16)	412,641,304
Gross financial assets	<u>432,957,523</u>
As at 31 December 2017	
Receivables (excluding prepayments) (Note 15)	64,682,663
Cash at bank (Note 16)	408,267,278
Gross financial assets	<u>472,330,060</u>

No collateral is held for any of the above assets. The Society has banking relationships with reputable banks which rank in the top ten in size of total assets.

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Society's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Between 1 and 2 years TZS
Year ended 31 December 2018	
Payable (Note 17)	<u>525,596,012</u>
Year ended 31 December 2017	
Payable (Note 17)	<u>263,535,813</u>

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for equipment and their residual values. The rates used are set out in Note 3 above.

(ii) Impairment of trade receivables

Critical estimates and judgments are made by the directors in determining impairment provision for bad and doubtful trade receivables.

5 MEMBERSHIP SUBSCRIPTION FEES

	2018 TZS	2017 TZS
Membership subscription fee – practicing	1,092,145,135	1,030,598,984
Membership subscription fee - non practicing	8,430,600	5,004,000
	<u>1,100,575,735</u>	<u>1,035,602,984</u>

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	<u>TZS</u>	<u>TZS</u>
6 CONTINUED LEGAL EDUCATION FEES		
Other CLE fees	460,074,824	368,879,519
HAGM CLE fees	219,159,000	176,234,001
AGM CLE Fees	257,882,000	130,235,800
	<u>937,115,824</u>	<u>675,349,320</u>
7 OTHER INCOME		
Sale of publications	48,794,802	50,422,125
Sponsorship	102,406,260	35,289,200
Advertisement (Various TLS Media)	12,120,000	-
Legal Aid Registration Fee	1,236,000	-
	<u>164,557,062</u>	<u>85,711,325</u>
8 PROJECT INCOME		
LSF	191,221,711	221,677,012
UNICEF	165,994,827	194,430,944
Global Road Safety Project income	69,226,149	167,888,581
CBA – SIRD	177,170,716	82,106,095
The Foundation for Civil Society	61,088,650	62,116,399
Open Society Initiatives for Eastern Africa (OSIEA)	-	37,207,976
Freedom House-Counter Violent	21,281,970	26,411,750
Railway Children Africa (RCA)	18,666,701	-
	<u>704,650,724</u>	<u>791,838,758</u>

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	<u>TZS</u>	<u>TZS</u>
9 ADMINISTRATIVE EXPENSES		
Members Welfare	58,074,630	13,010,619
TLS Institutional Membership	6,654,150	-
Committee Expenses	51,447,000	-
Programmes Advertisement Charges	3,976,600	-
Continuing Legal Education (CLE) Seminar	429,580,360	145,601,447
Publication and Publicity Expense	14,061,250	49,429,664
Annual General Meeting (AGM) Expenses	279,191,158	662,197,965
Half Annual General Meeting (HAGM)	142,228,090	132,732,100
Conduct Induction	-	23,377,170
Transform the New Office	-	29,768,960
Install Communication Facility	-	5,412,660
Move to New Office	-	15,795,660
Election Expenses	24,151,029	27,829,220
Programmes Travel and Accommodation	63,110,062	-
Capacity Building Expenses`	4,532,280	-
Governing Council Expenses	47,038,454	89,972,378
Executive Committee (EXCOM) Expenses	538,900	-
Production Costs-TLS Law Reports	44,609,362	-
Chapters Expenses	172,941,802	-
Exhibition Expenses	9,210,440	-
Planning Meeting Expenses	27,373,000	-
Probono Expenses	4,500,000	-
LAAC Project expenses	6,666,115	-
Rent and Rates	34,907,724	30,316,899
Electricity Expenses	10,840,369	9,705,000
Motor Vehicle Fuel Expenses	3,197,641	5,923,930
Generator Fuel	1,088,580	1,350,489
Kitchen Supplies	9,687,200	6,062,700
Waste Disposal Expenses	910,000	1,320,000
Motor Vehicle Repairs	4,461,016	4,274,140

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Repair and Maintenance	7,180,899	14,449,355
Water charges	1,974,159	3,589,101
Printing and Stationary	5,953,800	23,844,455
Security Expenses	25,188,770	21,173,410
Communication Expenses	21,266,404	22,744,063
Travel and Accommodation Expenses	43,892,561	25,008,848
Advertising Expenses	4,554,600	7,504,800
Transport Expenses-e.g. Taxi,	7,242,150	7,233,000
Consultancy fees	5,521,800	6,293,378
Bank Charges	20,627,479	6,045,196
Insurance Premium Expenses	1,708,954	-
Internet Charges	16,005,368	16,544,714
Newly Admitted Advocates	-	14,429,099
Staff Membership fees	10,013,727	6,188,800
Depreciation Expenses	88,156,436	22,557,782
Donations	3,000,000	-
Other Expenses	10,902,753	33,322,074
Office Newspaper	-	448,700
Prior year audit fee paid in current year	-	4,540,000
Audit fee	47,562,000	29,842,000
Write off of office building	-	145,562,646
Service delivery and Institutional Development	-	90,407,442
Facilitate knowledge creation ICT and Public awareness	-	24,627,271
	<u>1,772,813,858</u>	<u>1,806,424,115</u>

10 PROJECT EXPENSES

UNICEF-Children In Conflict With the Law	165,994,827	194,430,944
LSF - CFP04 manual production and legal aid	199,430,908	160,941,012
OISEA - Project Cost	-	103,248,848
SIRD – CBA	216,841,376	82,776,095
Institutional Capacity Building	-	73,523,040
RSGP - Project Cost	69,226,149	70,843,733
LSF - Legal Aid Week	-	36,902,500

TANGANYIKA LAW SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

The Foundation for Civil Society	61,088,650	36,298,490
Freedom House- Counter Violent Extremism	21,281,970	-
Railway Children Africa (RCA)	18,666,701	-
	<u>752,530,581</u>	<u>758,964,662</u>

11 PERSONNEL EXPENSES

Salaries and wages	606,737,831	339,757,118
Medical expenses	59,770,621	52,896,980
Interns and volunteers' expenses	11,432,667	21,547,000
Skills and development levy	39,242,892	23,140,413
Fuel expenses	510,845	5,243,207
Social security contributions	58,666,784	33,841,018
Recruitment expenses	-	4,104,308
Workers Compensation Fund expenses	8,980,644	5,034,132
	<u>785,342,284</u>	<u>485,564,176</u>

TANGANYIKA LAW SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. PROPERTY AND EQUIPMENT

<u>Description</u>	<u>Land</u> <u>TZS</u>	<u>Furniture and</u> <u>Fittings</u> <u>TZS</u>	<u>Motor</u> <u>Vehicles</u> <u>TZS</u>	<u>Library</u> <u>Books</u> <u>TZS</u>	<u>Machinery</u> <u>and</u> <u>Equipment</u> <u>TZS</u>	<u>Computers</u> <u>TZS</u>	<u>Work in</u> <u>Progress-</u> <u>Wakili House</u> <u>TZS</u>	<u>Total</u> <u>TZS</u>
<u>Cost</u>								
At 1 January 2018	476,600,000	61,683,566	57,646,857	21,897,200	58,736,649	111,037,479	893,532,423	1,681,134,174
Additions		17,514,998	-	-	-	16,230,000	1,623,929,565	1,657,674,563
Revaluation Gains		32,067,500	27,000,000		45,370,038	29,730,713	-	134,168,251
At 31 December	476,600,000	111,266,064	84,646,857	21,897,200	104,106,687	156,998,192	2,517,461,988	3,472,976,988
<u>Accumulated depreciation</u>								
At 1 January 2018	-	60,143,934	57,646,857	21,897,200	56,991,135	111,037,479	-	307,716,605
Charge for the year	-	17,462,141	12,903,904	-	20,355,417	18,042,848	-	68,764,311
At 31 Dec. 2018	-	77,606,075	70,550,761	21,897,200	77,346,552	129,080,327	-	376,480,915
<u>Net book value</u>								
At 31 Dec. 2018	476,600,000	33,659,989	14,096,096		1,745,514	26,760,136	2,517,461,988	3,096,496,073
At 31 Dec. 2017	476,600,000	1,539,632	-	-	1,745,514	-	893,532,424	1,373,417,570

TANGANYIKA LAW SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

13 INTANGIBLE ASSETS	2018	2017
	<u>TZS</u>	<u>TZS</u>
<u>Cost</u>		
At start of the year	58,234,610	10,799,480
Additions – Work in Progress (Sage Evolution software)		47,435,130
	<u>58,234,610</u>	<u>58,234,610</u>
<u>Accumulated amortization</u>		
At start of the year	10,262,392	8,191,196
Amortization charge	19,392,125	2,071,196
At 31 December	<u>29,654,517</u>	<u>10,262,392</u>
Carrying value	<u>28,580,093</u>	<u>2,608,284</u>
14 TRADE AND OTHER RECEIVABLES		
Staff advances and imprest	36,648,108	59,362,944
Prepaid expenses	30,125,898	12,064,348
Chapters control account	(1,095,258)	5,319,720
	<u>65,678,748</u>	<u>76,747,011</u>
15 CASH AND BANK BALANCES		
Cash in hand	633,630	619,881
-BARCLAYS A/C no 0156004928- TZS Account	1,018,000	1,018,000
-CRDB Bank – TZS Accounts	230,182,029	197,837,628
-CRDB Bank - USD Accounts	39,148,502	42,449,497
-ECO Bank – TZS Account	6,458,255	9,389,055
-EXIM Bank – TZS Accounts	7,182,089	48,917,909
-KCB Bank – TZS Account	1,172,751	2,349,351
-NBC –TZS Account	1,282,397	13,801,051
-NMB –TZS Account	21,842,903	18,128,500
-Tanzania Women Bank – TZS Account (LAAC Project)	32,380,053	25,881,204
	<u>341,300,609</u>	<u>359,772,195</u>
:		
LAAC Project accounts	<u>71,340,696</u>	<u>47,875,203</u>
CRDB TZS Account (LAAC Project)	<u>71,340,696</u>	<u>47,875,203</u>

TANGANYIKA LAW SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTES (CONTINUED)

<u>412,641,304</u>	<u>408,267,279</u>
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16 CAPITAL GRANTS

Capital grant comprises members' contributions toward the LAAC Project. Total capital grant of TZS 1,486,180,435 during the year is in respect of the expenditure incurred for construction of "Wakili House". There is no grant amortized as the building is still under construction.

17 TRADE AND OTHER PAYABLES

Trade payables	59,420,471	4,252,457
Accounting Accruals	16,630,000	-
DATF Contribution Payable	2,020,000	28,847,183
EALS Subscriptions Payable	10,310,503	-
Social Security Contr. Payable	100,581,298	11,800,000
PAYE, SDL & Other Taxes Payable	1,782,714	4,252,457
HESLB Staff Loans Payable	805,896	-
WCF Payable	6,009,727	-
Other payable	11,941,443	-
Total	<u>209,502,052</u>	<u>263,535,813</u>

18 DEFERRED CONTRIBUTIONS -LAAC PROJECT

Actual contributions:

At 1 January	73,756,407	791,767,431
Contributions received during the year	663,988,707	175,521,399
DATF LOAN	400,100,658	-
	<u>1,137,845,772</u>	<u>967,288,830</u>
Payments to the contractor during the year	(1,066,505,076)	(832,241,748)
Architect fee paid during the year	-	61,290,675
Total capital expenditure for the year	<u>(1,066,505,076)</u>	<u>893,532,423</u>
Balance as at 31 December	<u>71,340,696</u>	<u>73,756,407</u>

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

19 DEFERRED REVENUE GRANTS - DEVELOPMENT PARTNERS

Description	At 1	Funds	Transfer to Grant	At 31 December
	January	received	Income during	2018
	2018	during the	the year	
		year		
	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>
CBA Grant	48,805,185	188,633,335	(177,170,716)	60,267,804
LSF	76,564,597	250,000,000	(191,221,711)	135,342,886
The Foundation for Civil Society	14,921,493	62,500,000	(61,088,650)	16,332,843
UNICEF	-5,032,133	179,636,000	(165,994,827)	8,609,040
Global Road Safety Project-Advocacy for	54,241,848	35,783,051	(69,226,149)	20,798,750
Freedom House - Counter Violent Extremism	11,679,428	10,198,521	(21,281,970)	595,979
Railway Children Africa-RCA	-	22,151,900	(18,666,701)	3,485,199
	201,180,418	748,902,807	(704,650,724)	245,432,501

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

20 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The volume of related party transactions for the year was as follows:

Transactions with key management personnel

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly. The Society's key management is the Chief Executive Officer and the Finance Manager. Compensations of the Society's key management personnel include basic salaries, transport allowances, housing allowance, telephone allowance and post-employment benefits.

The compensation paid to key management personnel and Governing Council members is shown below:

	2018	2017
	<u>TZS</u>	<u>TZS</u>
Key management personnel:		
Salaries and short term benefits	279,300,000	235,260,000
Post-employment retirement benefits	27,930,000	23,424,000
	<u>307,230,000</u>	<u>258,684,000</u>
Governing Council Members:		
Sitting allowance	12,917,000	22,428,320
Members fees	16,800,000	6,188,800
	<u>29,717,000</u>	<u>28,617,120</u>

21 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

There was no capital commitments entered by the Society as at year end.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Contingent liabilities

There were no contingent liabilities as at year end.

22 PENDING LEGAL CASES'CLAIM CONTINGENCIES

Pending case number cma/kin/373/12/237 Emilia Siwinga vs TLS – Labour case on alleged unfair termination, has been settled out of court.

23 LEASES

The Society has a one-year lease agreement with MS Audrey Mathew Chandofor the Secretariat office with an expiry date of 31 March 2019. As construction of the new office is nearing completion the Society considers to extend lease for two to three months more after expiry date of the current agreement.

24 REVALUATION SURPLUS

The revaluation of surplus included in the financial statements would only be released to Statement of Comprehensive Income at the time the assets are sold or are no longer in use.

25 EVENTS AFTER THE REPORTING END DATE

There is no known event that has impacted on the results for the year and the statement of affairs of the Society after the reporting date.