

TANGANYIKA LAW SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

**TANGANYIKA LAW SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**TANGANYIKA LAW SOCIETY
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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	Environmental Impact Assessment
GTZ	Government of Tanzania
IAASB	International Auditing and Assurance Standards Board
IFRS	International Financial Reporting Standards
IPPF	International Professional Practice Framework
IPSA	International Public Sector Accounting Standards
ISA	International Standards on Auditing
LAAC	Legal Aid and Advocacy Centre
LSF	Legal Services 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

**TANGANYIKA LAW SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

GENERAL INFORMATION

Registered Office:

Tanganyika Law Society,
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 Tower,
Dar es Salaam.
Tanzania.

Auditors:

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

TANGANYIKA LAW SOCIETY

THE GOVERNING COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

1. INTRODUCTION

The Governing Council presents its report and the audited financial statements for the year ended 31st December 2020, which disclose the financial position of the Society and its performance.

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The Governing Council's report has been prepared in accordance with the requirements of Tanzania Financial Reporting Standard (TFRS) No. 1 issued by the National Board of Accountants and Auditors (NBAA).

2. INCORPORATION

Tanganyika Law Society (TLS) is the Bar Association of Tanzania Mainland, established 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:

To become an independent bar association for a just society.

5. MISSION:

To create a conducive environment for the legal fraternity, facilitate the acquisition of legal knowledge, represent, promote and protect Members; to support the State Organs in legislation and administration of rule of law; and assist the Public to access justice in sustainable professional standards.

6. 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.
- (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 being 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.

7. RESULTS FOR THE YEAR

Operations results of the Society for year ended on 31st December 2020 are set out on page 13.

TANGANYIKA LAW SOCIETY

GOVERNING COUNCIL'S ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8. COMPOSITION OF THE GOVERNING COUNCIL

The Governing Council members who served the Society to the date of this report were as follows:

SN	Name	Designation	Age	Profession	Nationality	Appointment date
1	Dr. Rugemeleza Nshala	President	54	LLB, LLM, MEM, S.J.D	Tanzanian	07/04/2019
2	Mpale Kaba Mpoki	Vice President	61	LLB, LLM	Tanzanian	07/04/2019
3	CPA Advocate Nicholas Duhia	Honorary Treasurer	65	LLB, CPA(T), DTA, PGDFM	Tanzanian	07/04/2019
4	Jebra Kambole	Member	32	LLB, Postgraduate (Legal Practice)	Tanzanian	07/04/2019
5	Harold Giliard Sungusia	Member	47	LLB, Postgraduate (Legal Practice), LLM	Tanzanian	07/04/2019
6	Stephen Ally Mwakibolwa	Member	35	LLB, Post Graduate (Legal Practice), MBA-IB	Tanzanian	07/04/2019
7	Paul Revocatus Kaunda	Member	33	LLB, Postgraduate (Legal Practice),	Tanzanian	07/04/2019
8	Angelista Daudi – Nashon	Member	33	LLB, Postgraduate (Legal Practice)	Tanzanian	07/04/2019
9	Tike Mwambipile	Member	40	LLB, PGDED, MBA	Tanzanian	07/04/2019
10	Baraka Mbwilo	Member	33	LLB, Postgraduate (Legal Practice)	Tanzanian	07/04/2019

All members of the Governing Council are non-executive.

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

9. MEETINGS OF THE GOVERNING COUNCIL

The Governing Council is required to meet at least four times yearly whereby routine meetings are held on every quarter. However, the Governing Council may convene extraordinary meetings to discuss non-routine matters or whenever there is an urgent matter which needs consideration by the Governing Council. Accordingly, during the year ended 31st December 2020, the Council which served between January and December 2020 held 2 ordinary and 8 extraordinary meetings.

The attendance of the Governing Council members who served from January 2020 to the date of this report was as follows: -

TANGANYIKA LAW SOCIETY

GOVERNING COUNCIL'S ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

SN	Name of Governing Council Member	Position	Number of Meetings Attended
1	Dr. Rugemeleza Nshala	President	10
2	Mpale Mpoki	Vice President	7
3	CPA Nicholas Duhia	Honorary Treasurer	5
4	Baraka Mbilo	Member	7
5	Harold Giliard Sungusia	Member	5
6	Stephen Ally Mwakibolwa	Member	10
7	Paul Revocatus Kaunda	Member	9
8	Angelista Daudi – Nashon	Member	5
9	Tike Mwambipile	Member	8
10	Baraka Mbilo	Member	7

10. COUNCIL COMMITTEES

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

10.1. Executive Committee

The Executive Committee is one of the committees of the Governing Council; consisting 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 works assigned or delegated to it by the Governing Council.

The composition of the Executive Committee as at 31 December 2020 was as follows:-

SN	Name of Governing Council Member	Position	Number of Meetings Attended
1	Dr. Rugemeleza Nshalla	President	4
2	Mpale Mpoki	Vice President	4
3	CPA Nicholas Duhia	Honorary Treasurer	2

10.2. Audit Committee

The Committee is composed of eight 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 2020.

The composition of the Audit Committee as at 31 December 2020 was as follows: -

SN	Name of Governing Council Member	Position	No of meetings attended
1	CPA Nicholas Duhia	Chairperson	3
2	CPA Frederick Msumali	Member	3
3	Casmir Nkuba	Member	2
4	CPA Rwekamwa Rweikiza	Member	3
5	CPA Xavery Makwi	Member	-
6	CPA Emmanuel Kalibashubao	Member	2
7	CPA Adamson Kariwa	Member	2
8	CPA Stella Rweikiza	Member	2

TANGANYIKA LAW SOCIETY

GOVERNING COUNCIL'S ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11. MANAGEMENT

Management of the Society is under the Executive Director 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 33 employees (2019:35). The human capital is composed of competent staff in various operational areas. This provides assurance to the Society for attainment of its key strategic goals.

13. EMPLOYEES' WELFARE

(a) 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.

(b) Employee benefits

Tanganyika Law Society has a defined contribution plan for its employees with National Social Security Fund (NSSF), under which the employees contribute 10% of their monthly salary and 10% is contributed by the Society.

14. 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 their personal benefit throughout the year ended 31 December 2020. Reasonable care was exercised in all decisions taken by the Society, without placing the organization under unnecessary risk.

15. RISK ASSESSMENT 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 actively 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;
- 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 Public Sector Accounting Standard (IPSAS) and as required by the Tanganyika Law Society Act, CAP 307 R.E 2002.

**TANGANYIKA LAW SOCIETY
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16. 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 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.

17. GENDER PARITY

Tanganyika Law Society attempts to abide by the national gender balance policy and has been very keen in gender balance appointments at various employment levels of the Society. The gender parity at 31 December 2020 was as follows:

Description	2020	2019
Male employees	13	17
Female employees	20	18
Total employees	33	35

18. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties are as disclosed under Note 22 to the financial statements.

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 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 the form of social and financial support. Through its Legal Aid Unit, the Society provided free legal services to 296 and 339 members of the public at its Headquarters in Dar es Salaam and chapter offices, respectively, in form of dock brief and pro bono legal aid services. And as such, Advocates had the opportunity to mediate, reconcile, advise and hear problems facing people in court cases. Expenditure incurred in respect of corporate social responsibility during the year was TZS 11,700,000 (2019: TZS 4,500,000).

21. CHARITABLE AND POLITICAL DONATIONS

The Society did not make any donations to charitable organizations and no did the Society finance political activities during the year (2019: a charitable donation of TZS 4,829,465 to TAWLA).

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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24. FUTURE DEVELOPMENT

Major focus of the Society is to ensure growth, sustainability, and successful implementation with its mandates; TLS intends to expand its projects/programs across the country, increase number of implemented Programs 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.

25. AUDITORS

Claritas International were the Auditors of the Society during the year ended 31st December 2020 and are eligible for re-appointment.

BY ORDER OF THE GOVERNING COUNCIL



Dr. Rugemeleza Nshala
President

14.04.2021

Date

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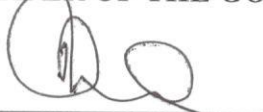
The Governing Council is required to prepare financial reports for each financial year that give a true and fair view of the state of affairs of the Society, its operations and sources and applications of the funds obtained during the year. The Governing Council is also responsible for safeguarding the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

The Governing Council handles preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Tanganyika Law Society Act, Cap 307 R.E 2002 as amended, 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 accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable judgments and estimates in conformity with the International Public Sector Accounting Standards (IPSAS) 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 Society and of its operating results. The Governing Council further accepts 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 their 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 show 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



Dr. Rugemeleza Nshala
President

14.04.2021

Date

TANGANYIKA LAW SOCIETY

DECLARATION OF FINANCE MANAGER

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 Public Sector Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of 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 Finance Manager of the Tanganyika Law Society hereby acknowledge my responsibility of ensuring the financial statements for the year ended 31 December 2020 have been prepared in compliance with the International Public Sector Accounting Standards and the Tanganyika Law Society Act, Cap 307 R.E. 2002.

I thus confirm that the financial statements give a true and fair view position of the 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 14.04.2021

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF 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 2020, its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards and the TLS Act CAP 307R.E 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.

Management responsibility to the financial statements

As described in the Statement of Management's Responsibilities, the Governing Council of Tanganyika Law Society is responsible for the preparation of financial statements of the Tanganyika Law Society for the year ended 31 December 2020 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.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 skepticism 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 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.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 Governing Council members 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.

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 14 April 2021

TANGANYIKA LAW SOCIETY


FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2020	2019
Non-current assets		TZS	TZS
Property and equipment	13	4,806,054,481	4,590,156,293
Intangible assets	14	8,000,000	9,188,148
		<u>4,814,054,481</u>	<u>4,599,344,441</u>
Current assets			
Trade and other receivables	15	102,145,771	120,252,012
Stocks – Law report books		66,591,588	51,244,548
Cash and bank balances	16	451,616,381	362,875,316
Total current assets		<u>620,353,740</u>	<u>534,371,876</u>
Total Assets		<u>5,434,408,221</u>	<u>5,133,716,317</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and other payables	18	164,424,183	713,169,549
Member's subscription received in advance		474,242,000	493,923,832
DATF Loan	20	484,100,658	-
WAKILI Project retention		72,773,425	123,300,000
Designated Members Contributions Account	19	23,194,678	68,701,255
Deferred grants for donor funded projects	21	180,877,572	260,692,033
Total Current Liabilities		<u>1,399,612,516</u>	<u>1,659,786,669</u>
Non-Current Liabilities			
DATF Loan		-	524,100,658
Total Liabilities		<u>1,399,612,516</u>	<u>2,183,887,327</u>
Equity			
Capital fund		1,910,000	1,910,000
Capital Grants from Members (WAKILI House)	17	3,528,690,255	3,004,401,678
General accumulated reserves		(98,234,497)	(585,904,181)
Revaluation reserves		602,429,947	529,421,493
Total equity		<u>4,034,795,705</u>	<u>2,949,828,990</u>
Total equity and liabilities		<u>5,434,408,221</u>	<u>5,133,716,317</u>

The financial statements were approved by the Governing Council on and were signed on its behalf by:


Dr. Rugemeleza Nshala
President


CPA Nicholaus Duhia
Honorary Treasurer

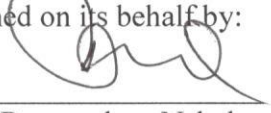
TANGANYIKA LAW SOCIETY

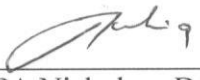
**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT OF FINANCIAL PERFORMANCE

	<u>Notes</u>	<u>2020</u> <u>TZS</u>	<u>2019</u> <u>TZS</u>
INCOME			
Revenue from non-exchange:			
Membership subscription fees	6	1,402,170,022	1,346,363,920
Project net income during the year	9	389,433,487	21,016,400
Exchange gain		4,630,698	3,985,646
		<u>1,796,234,207</u>	<u>1,371,365,966</u>
Revenue from exchange:			
Continued Legal Education fees	7	707,852,547	1,054,601,878
Other Income	8	78,729,208	76,067,000
		<u>786,581,755</u>	<u>1,130,668,878</u>
		<u>2,582,815,962</u>	<u>2,502,034,844</u>
EXPENSES			
Administration expenses	10	(1,470,325,765)	(1,837,835,767)
Personnel expenses	12	(624,820,333)	(976,443,701)
		<u>(2,095,146,098)</u>	<u>(2,814,279,468)</u>
Surplus/(Deficit) for the year		<u>487,669,684</u>	<u>(312,244,624)</u>

The financial statements were approved by the Governing Council onand were signed on its behalf by:


Dr. Rugemeleza Nshala
President


CPA Nicholaus Duhia
Honorary Treasurer

TANGANYIKA LAW SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT OF CHANGES IN NET ASSETS

	Capital Fund	General Accumulated Reserves	Capital grant from members contribution	Revaluation Reserve	Total
	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>
For the year ended 31 December 2020					
Previously Reported at 1 st January 2020	1,910,000	(585,904,181)	3,001,615,911	529,421,493	2,947,043,223
Transfers in from the designated members account payment out			2,785,767		2,785,767
Restated as at 1 January 2020	1,910,000	(585,904,181)	3,004,401,678	529,421,493	2,949,828,990
Movements during the year		487,669,684	524,288,577	73,008,454	1,084,966,715
As at 31st December 2020	1,910,000	(98,234,497)	3,528,690,255	602,429,947	4,034,795,705
For the year ended 31st December 2019					
As at 1 st January 2019	1,910,000	(273,659,557)	1,486,180,435	529,421,493	1,743,852,371
WAKILI House capitalized expenditure	-	-	1,515,435,476		1,515,435,476
Deficit for the year	-	(312,244,624)	-	-	(312,244,624)
As at 31 st December 2019	1,910,000	(585,904,181)	3,001,615,911	529,421,493	2,947,043,223

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STATEMENT OF CASH FLOWS

	Notes	2020 <u>TZS</u>	2019 <u>TZS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of Subscription Fees During the Year	6	1,382,488,190	1,524,193,792
Receipts from development partners	21	2,359,510,920	895,823,922
Seminar fees	7	707,852,547	1,054,601,878
Receipts from sale of publications and sponsorship		78,729,208	72,667,000
PAYMENTS			
Payments to employees		(563,813,486)	(502,500,905)
Refund to Development Partners		-	(8,511,300)
Payments to suppliers of goods and services		(3,521,675,797)	(3,097,449,372)
Net cash generated from operating activities		443,091,582	(61,174,985)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for construction of WAKILI house		(531,398,637)	(1,006,780,224)
Acquisition of Plant & Equipment Including other Long-term Assets		(213,767,086)	(43,535,748)
Movement in retention to WAKILI house contractor		(50,526,575)	(572,139,225)
Net cash used in investing activities		(795,692,298)	(1,622,455,197)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in the DAFT Loan		(40,000,000)	-
Members' contribution received for WAKILI House	19	481,341,780	1,109,763,537
Loan from DATF during the year		-	524,100,658
Net cash received from financing activities		441,341,780	1,633,864,195
Net increase/(decrease) in cash and cash equivalents		88,741,064	(49,765,987)
Cash and cash equivalents at the beginning of the year		362,875,317	412,641,304
Cash and cash equivalents at the end of the year		451,616,381	362,875,317

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STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL AMOUNTS

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

Revenues		Actual	Approved Budget	Variance	%
Membership Subscription fees	1	1,402,170,022	1,573,344,000	(171,173,978)	(11%)
CLE Seminar Fees	2	707,852,547	1,065,100,000	(357,247,453)	(34%)
Other Income	3	83,359,906	189,200,000	(105,840,094)	(56%)
Projects Income	4	2,449,154,682	2,450,792,541	(1,637,859)	(0%)
Total Revenue		4,642,537,157	5,278,436,541	(635,899,384)	(12%)
Expenditures					
Program Expenses		732,085,634	946,940,850	214,855,216	23%
Chapter Expenses		163,368,110	220,600,000	57,231,889	26%
Project Costs		2,059,721,195	1,583,065,263	(476,655,932)	(30%)
Staff Costs		624,820,333	1,329,180,281	704,359,948	53%
Operating Expenses		574,872,020	616,418,396	36,746,376	6%
Total Expenditures	5	4,154,867,293	4,696,204,790	536,537,497	11%
(Deficit)/Surplus	6	487,669,684	582,231,751	(99,361,887)	(16%)

1. Membership Subscription fees

Revenue in this area was eighty eight percent (88%) of the budget. Systems like Tanzania Advocates Management System (TAMS) and Wakili Database Payment System are among the factors which led to improvements in subscriptions collections.

2. Continuing Legal Education (CLE) Seminar Fees

Revenue from CLEs seminar fees was affected by the COVID19 pandemic as no seminars were conducted until 01st June 2020 when online seminars were approved to start. These seminars were charged at TZS 20,000 which is lower than the normal price of TZS 60,000.

3. Other Income

Collections from this area were mainly expected to come from sponsorship. We receive sponsors during General Meetings. Unfortunately, during the year under review the General Meeting did not take place. However, in early December 2020 we received TZS 10,000,000 from CRDB Bank as sponsorship for the 2020 Diversity Conference and Exhibition which was conducted in Arusha.

4. Projects Income

During the year TLS entered into two big contracts with KPMG Advisory Ltd and PACT of TZS 1,022,998,005 and TZS 725,044,649 respectively which were not in the list at budgeting stage.

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Expenditures

Generally total expenditures were eighty nine percent (89%) of the total budget. With exception of the project expenditures, the rest of the expenditure lines were below the budget amount.

Project expenditure was above the budget (as explained above) due to two projects which came in during the year but were not in the list at budgeting stage.

Total payroll costs for the period under review was TZS 1,144,481,773. The cost consists of project contributions and internal sources. Project contribution was TZS 519,661,440 (45%) and the remaining part TZS 624,820,333 (55%) came from internal sources.

6. Surplus

In the year under review the Society made a surplus of TZS 487,669,684 resulting in a turnaround of the operational results for the past four years since 2016 to 2019 whereby the Society's operations have been ending up with deficits. This phenomenon was mainly contributed by, among other factors, surplus from the project funded by PACT TANZANIA, whereby TLS acted as fund manager and the Institute of Judicial Administration (IJA) implemented the project. In this undertaking alone TLS made a surplus of TZS 221,712,879 (46% of the total surplus of TZS 487,669,684).

TANGANYIKA LAW SOCIETY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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, House No. 21, Chato Street,
Regent Estate, P.O. Box 2148,
Dar es Salaam, Tanzania.

2. GOING CONCERN

The Society recorded a net cash surplus in operating activities of TZS 443,091,582 (2019: a deficit of TZS 61,174,985). The management believes that with the current operating model with development partners, the Society will be able to create more surplus in the future to complement its operating cash inflows. 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 a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The current ratio at year end was 0.44:1 (2019: 0.32:1).
- 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.

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NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. 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 IPSAS and under the historical cost convention, except for recognition of revenue from members which is on cash basis. The preparation of financial statements in conformity with IPSAS which require the use of estimates and assumptions. The financial statements are presented in Tanzania Shillings, which is the functional and reporting currency of the Society. The financial statements are prepared on accrual basis unless stated otherwise. The cash flow statement is prepared using the direct method.

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

3.2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance and comply with International Public Sector Accounting (IPSAS), 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.

3.3. ADOPTION OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

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 1st January 2019:

(a) Changes in Accounting policies and disclosures

- (i) Effective from financial year 2019 the Society migrated from International Financial Reporting Standards (IFRS) to International Public Sector Accounting Standards (IPSAS). The Standards which are relevant to TLS and effective are as follows:

IPSAS 1	Presentation of Financial statement
IPSAS 2	Cash Flow Statement
IPSAS 3	Accounting Policies changes in Accounting estimates and errors.
IPSAS 17	Property Plant and Equipment
IPSAS 31	Intangible Assets
IPSAS 21	Impairment of non-cash generating Assets
IPSAS 26	Impairment of cash Generating Assets
IPSAS 9	Revenue from exchange transactions

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NOTES (CONTINUED)

IPSAS 12	Inventory
IPSAS 19	Provision, Contingent liabilities and Contingent Asset
IPSAS 4	Effect of changes in foreign Exchange rates
IPSAS 20	Related party disclosures
IPSAS 23	Revenue from Non-Exchange transactions
IPSAS 24	Presentation of Budget Information in the Financial Statements
IPSA 18	Segment Reporting
IPSA 39	Employees Benefits

The effects of applying IPSAS have resulted in some of the comparative information amounts to be reclassified, amended or disclosed to make them comparable with the current year's financial figures and/or disclosure requirements.

(ii) The following standards are approved by International Accounting Standards Board (IPSAB) as the date of this report but were not effective:

IPSAS 41	Financial Instruments
IPSAS 42	Social Benefits

These standards are effective for annual periods beginning from 1 July 2021.

3.4. RECOGNITION OF REVENUE

Revenue from Exchange Transactions

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 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 to renew their practicing certificates. These are accounted for as per actual collections.

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NOTES (CONTINUED)

Revenue from Non- exchange transactions

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.

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.

3.5. 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.

3.6. 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). 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.

3.7. PROVISION

Provisions are recognized when the Society has a present legal or constructive obligation because 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.

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NOTES (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.

3.8. 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 cannot 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 recognized in the statement of comprehensive income and expenditure. Society has transferred substantially all risks and rewards of ownership.

3.9. DEFERRED GRANTS AND CONTRIBUTIONS

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.

3.10. TRADE AND OTHER PAYABLES

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

3.11. 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 fewer in money market instruments.

3.12. 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 because of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) impacts 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

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NOTES (CONTINUED)

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.

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.

3.13. 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 recognized to the extent of the Society's continuing involvement in the asset.

Financial liabilities

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

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.

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NOTES (CONTINUED)

3.14. 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.

3.15. VALUE ADDED TAX

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

3.16. INCOME TAX

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

3.17. PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost amount less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly because of acquisition of the items. When significant of property, plant and equipment are required to be replaced at intervals; the Society recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All repair and maintenance costs are recognized in surplus or deficit as incurred.

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%

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NOTES (CONTINUED)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances show 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.

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.

3.18. 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 ended 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.

However, during the year, there were no lease payments as TLS occupied its own building.

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NOTES (CONTINUED)

4. FINANCIAL RISK MANAGEMENT

a) 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 2020 the exchange rate were to change by $\pm 10\%$, then the net results of the Society would change by TZS 4,539,708 (2019: TZS 4,539,708). Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

(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 2020 and 2019 is made up as follows:

	Fully performing
	TZS
As at 31st December 2020	
Receivables(excluding prepayments) (Note 15)	66,685,757
Cash at bank (Note 16)	<u>451,616,381</u>
Gross financial assets	<u>518,302,138</u>
As at 31st December 2019	
Receivables (excluding prepayments) (Note 15)	92,679,868
Cash at bank (Note 16)	<u>362,875,316</u>
Gross financial assets	<u>455,555,184</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 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.

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NOTES (CONTINUED)

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

	Between 1 and 2 years TZS
Year ended 31 December 2020	
Payable (Note 18)	<u><u>164,424,183</u></u>
Year ended 31 December 2019	
Payable (Note 18)	<u><u>713,169,549</u></u>

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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;

(j) Property and Equipment

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

6. MEMBERSHIP SUBSCRIPTION FEES

	2020 TZS	2019 TZS
Membership subscription fee – practicing	1,352,259,499	1,339,338,920
Membership subscription fee - non practicing	49,910,523	7,025,000
	<u><u>1,402,170,022</u></u>	<u><u>1,346,363,920</u></u>

7. CONTINUED LEGAL EDUCATION FEES

Other CLE	453,984,038	531,409,614
HAGM CLE fees	-	205,613,580
AGM CLE fee	-	317,578,684
Professional Diversity Conference	253,868,509	-
	<u><u>707,852,547</u></u>	<u><u>1,054,601,878</u></u>

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NOTES (CONTINUED)

8. OTHER INCOME

	2020	2019
	<u>TZS</u>	<u>TZS</u>
Sale of publications	13,302,500	22,370,000
Sponsorships	22,000,000	33,000,000
Advertisements (Various TLS media)	25,027,300	8,838,000
Legal Aid Registration Fee	3,122,008	1,729,000
Sale of Merchandise	9,277,400	7,730,000
WAKILI House Rental Income	-	400,000
Exhibitors' registration fees	6,000,000	-
Consultancy	-	2,000,000
	<u>78,729,208</u>	<u>76,067,000</u>

9. PROJECT INCOME

LSF	433,677,125	191,665,761
UNICEF	-	12,278,690
Global Road Safety Project income	71,730,838	68,438,550
CBA – SIRD	199,287,750	359,408,639
The Foundation for Civil Society	-	27,032,843
Open Society Initiatives for Eastern Africa (OSIEA)	49,685,596	130,332,091
Freedom House-Counter Violent	-	595,978
Railway Children Africa (RCA)	12,350,000	30,486,838
UNDP	11,354,500	23,645,500
PACT	9,829,300	28,168,199
AcT2-(KPMG ADVISORY LIMITED)	882,064,458	-
PACT TZ - FCI (Faith and Community	725,045,049	-
The International Foundation for Electoral	54,130,066	-
	<u>2,449,154,682</u>	<u>872,053,089</u>
Project expenses (Note 11)	<u>(2,059,721,195)</u>	<u>(851,036,689)</u>
Net project income during the year	<u>389,433,487</u>	<u>21,016,400</u>

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NOTES (CONTINUED)

10. ADMINISTRATIVE EXPENSES

	2020	2019
	TZS	TZS
Members Welfare	22,006,568	20,007,940
TLS Institutional Membership	11,716,818	12,753,874
Committee Expenses	71,881,700	36,635,319
Strategic Plan Expenses	-	24,337,862
Programme Consultancy Fees	31,937,500	7,275,000
Programmes Advertisement Charges	-	2,265,600
Continuing Legal Education (CLE) Seminar	126,065,950	248,190,360
Publication and Publicity Expense	72,453,205	45,086,409
Annual General Meeting (AGM) Expenses	1,534,000	323,069,920
Half Annual General Meeting (HAGM)	-	175,200,185
Staff fuel expenses	-	2,045,554
Election Expenses	-	29,327,677
Programmes Travel and Accommodation	27,412,324	20,093,547
Capacity Building Expenses	11,347,750	30,377,000
Governing Council Expenses	59,167,520	36,593,700
Production Costs-TLS Law Reports	9,850,874	10,784,000
Chapters Expenses	163,368,111	122,795,119
Exhibition Expenses	8,255,680	7,102,680
Planning Meeting Expenses	13,008,360	54,833,800
Probono Expenses	11,100,000	4,500,000
DIMAC	-	4,000,000
WAKILI House expenses	-	44,748,764
Merchandise Expenses	1,677,740	17,314,000
Stakeholders Engagement Expenses	-	10,634,989
Law Firm Management Training	-	30,077,000
Media Engagement Training	-	2,724,000
Business Development Expenses	24,895,240	40,697,940
Monitoring and Evaluation Expenses	-	1,686,000
Rent and Rates	42,127,257	30,274,766
Electricity Expenses	25,437,841	20,050,610
Professional's Diversity Conference	220,274,405	-
Generator Fuel	708,000	45,000
Kitchen Supplies	14,963,300	10,705,600
Waste Disposal Expenses	9,470,508	2,290,000
Motor Vehicle Repairs	4,009,242	4,048,144
Repair and Maintenance	26,057,011	15,005,662
Water charges	2,837,619	2,275,578
Printing and Stationary	50,573,320	16,116,260
Security Expenses	17,898,712	20,246,950
Communication Expenses	23,436,030	19,409,300

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NOTES (CONTINUED)

	2020	2019
	TZS	TZS
Travel and Accommodation Expenses	-	30,482,131
Advertising Expenses	10,092,760	1,939,099
Transport Expenses-e.g., Taxi,	12,650,870	7,742,900
Consultancy fees	9,941,526	15,832,911
Bank Charges	25,749,587	28,218,161
Insurance Premium Expenses	21,629,692	35,127,591
Internet Charges	8,891,452	18,407,184
Staff Membership fees	11,673,750	18,251,131
Depreciation Expenses	171,312,156	72,715,217
Donations	-	4,829,465
Other Expenses	12,022,827	12,863,522
External audit fee	18,800,000	19,234,000
Internal Audit fee	7,500,000	14,560,000
Office Newspaper	-	1,121,900
Asset Coding Expenses	1,814,480	-
Staff Welfare	51,293,080	20,095,628
Support ICT systems (Consultancy)	1,180,000	-
License fee	301,000	-
	<u>1,470,325,765</u>	<u>1,837,835,767</u>

11. PROJECT EXPENSES

	2020	2019
UNICEF-Children in Conflict with the Law	3,669,650	12,278,690
LSF - CFP04 manual production and legal aid	264,485,467	166,631,292
OISEA - Project Cost	49,685,596	130,332,091
SIRD – CBA	199,287,750	359,408,639
RSGP - Project Cost	71,730,838	68,065,280
The Foundation for Civil Society	-	16,051,400
Freedom House- Counter Violent Extremism	-	500,000
Railway Children Africa (RCA)	8,550,000	32,452,298
UNDP - Provision Of Legal Aid In Criminal Justice System	-	23,645,500
PACT	524,937,370	41,671,499
ACT2 TANZANIA	883,244,458	-
INTERNATIONAL FOUNDATION ELECTORAL SYSTEM	54,130,066	-
	<u>2,059,721,195</u>	<u>851,036,689</u>

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NOTES (CONTINUED)

12. PERSONNEL EXPENSES

	2020	2019
	TZS	TZS
Salaries and wages	386,912,514	767,315,042
Medical expenses	50,911,560	37,223,292
Interns and volunteers' expenses	65,724,100	7,000,000
Skills and development levy	25,123,187	38,017,119
Fuel expenses	25,662,957	-
Social security contributions	61,149,437	73,129,435
Recruitment expenses	-	-
Workers Compensation Fund expenses	5,819,578	8,474,246
Staff Terminal Costs	-	41,766,667
Staff Relocation Costs	3,517,000	3,517,900
	<u>624,820,331</u>	<u>976,443,701</u>

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13. PROPERTY AND EQUIPMENT

	Land	Building	Furniture & Fittings	Motor Vehicles	Library Books	Machinery & Equipment	Computers	W.I.P	Total
	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>	<u>TZS</u>
COST									
At 1 January 2020	476,600,000		128,292,817	84,646,857	21,897,200	108,002,682	179,611,192	4,020,909,553	5,019,960,301
Additions	-		80,667,601		-	88,554,801	44,544,684	91,246,836	305,013,922
WIP transfers		4,112,156,389						(4,112,156,389)	-
¹ Revaluation Gains			2,283,763	17,403,904		41,936,568	11,384,219	-	73,008,454
At 31 December 2020	476,600,000	4,112,156,389	211,244,181	102,050,761	21,897,200	238,494,051	235,540,095	-	5,397,982,677
Acc. depreciation									
At 1 January 2020		-	92,058,586	77,300,761	21,897,200	90,522,220	148,025,240	-	429,804,007
Charge for the year		-	12,696,795	2,250,000	-	18,444,003	25,929,480	-	162,124,188
At 31 December 2020		-	104,755,381	79,550,761	21,897,200	108,966,223	173,954,720	-	591,928,195
Net Book Value	476,600,000	4,009,352,479	106,488,800	22,500,000	-	129,527,828	61,585,375	-	4,806,054,482

¹In 2019 TANGANYIKA LAW SOCIETY signed a contract with STAN PROPERTY (T) LTD (a registered private Land Economy Company (Valuation firm), registered on 20th July, 1999 in Tanzania Mainland under the Companies Cap. 212 of 2002 and also under the Registration of Business Names Decree Cap 158 on 26th March 2010 in Zanzibar) to undertake physical verification and inspection of all Assets and consequently prepare a Valuation Report, indicating current Market Value /Depreciated Replacement Cost (DRC) for Accounting and Balance sheet purposes, and other management decisions. The valuation report contained all moveable assets in their specified categories for the aforesaid purposes.

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13. PROPERTY AND EQUIPMENT (CONT'D)

Description	Land	Furniture and Fittings	Motor Vehicles	Library Books	Machinery and Equipment	Computers	Work in Progress- Wakili House	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Cost								
At 01st January 2019	476,600,000	111,266,064	84,646,857	21,897,200	104,106,687	156,998,192	2,517,461,987	3,472,976,988
Additions		17,026,753	-	-	3,895,995	22,613,000		43,535,748
W.I.P Addition							1,503,447,564	1,503,447,565
At 31st December	476,600,000	128,292,817	84,646,857	21,897,200	108,002,682	179,611,192	4,020,909,553	5,019,960,301
Accumulated depreciation								
At 01st January 2019	-	77,606,075	70,550,761	21,897,200	77,346,552	129,080,327	-	376,480,915
Charge for the year	-	14,452,512	6,750,000	-	13,175,668	18,944,913	-	53,323,093
At 31st Dec. 2019	-	92,058,586	77,300,761	21,897,200	90,522,220	148,025,240	-	429,804,008
Net book value								
At 31st Dec. 2019	476,600,000	36,234,231	7,346,096		17,480,462	31,585,952	4,020,909,553	4,590,156,293

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INTANGIBLE ASSETS

<u>Cost</u>	<u>2020</u> <u>TZS</u>	<u>2019</u> <u>TZS</u>
At start of the year	58,234,610	58,234,610
² Addition	8,000,000	-
	<u>66,234,610</u>	<u>58,234,610</u>
<u>Accumulated amortization</u>		
At start of the year	49,046,642	29,654,517
Amortization charge	9,187,968	19,391,945
At 31 st December	<u>58,234,610</u>	<u>49,046,642</u>
Carrying value	<u>8,000,000</u>	<u>9,188,148</u>

15. TRADE AND OTHER RECEIVABLES

Customer control Account	-	50,794,618
Staff advances and imprest	49,307,634	39,402,659
Prepaid expenses	22,185,980	12,005,109
Chapters imprest	30,652,157	18,049,626
	<u>102,145,771</u>	<u>120,252,012</u>

16. CASH AND BANK BALANCES

Cash in hand	680,399	106,900
BARCLAYS A/C (WAKILI House)	1,018,000	1,018,000
CRDB Bank – TZS Accounts	298,654,313	197,811,869
ECO Bank – TZS Account	3,923,168	5,550,075
Exim Bank – TZS Accounts	4,545,891	(646,236)
KCB Bank – TZS Account	(634,396)	44,463,291
NBC –TZS Account	8,904,800	5,658,407
NMB –TZS Account	103,158,366	33,433,159
TPB Bank – TZS Account	746,514	764,577
TLS M PESA Collection Account	632,780	632,780
EXIM A/C no 786328286 - TLS Arusha	1,900,000	1,900,000
CRDB Bank - USD Accounts	6,656,381	5,263,816
CRDB TZS Account (WAKILI House)	21,430,165	66,918,678
	<u>451,616,381</u>	<u>362,875,316</u>

²This is a Mobile and Web Application called TLS app which is still under construction. The application will be used to;

- Store and display all TLS publications and documents which, depending on the policy, can be freely accessed or accessed at a fee.
- Display and record advocates information including cases they represented, area of specializations, their office location, etc.
- Record court cases with particular information such as involved judges and advocates and final decision of the case.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. CAPITAL GRANTS FROM MEMBERS (WAKILI House)

Capital grant comprises members' contributions towards the construction of WAKILI house that have been paid out to the Project to date. The total amount that has been spent towards WAKILI house out of the total contributions to date amounts to TZS 3,528,690,255. (2019: 3,004,401,678) The following table provides movements of the capital grant towards WAKILI house.

	2020	2019
	<u>TZS</u>	<u>TZS</u>
Total value of WAKILI capital expenditures as at 31 st December	4,112,156,389	4,020,909,553
Less: Financing from the third party – DATF Loan	524,100,658	524,100,658
Less: Financing from the Society Internal Sources and members	59,365,476	492,407,217
Amount contributed by TLS members as at 31 st December	3,528,690,255	3,004,401,678

The full amount of capital expenditure in connection with WAKILI house in the year under review has been capitalized and grant amortizations will commence effectively from 01st January 2021.

18. TRADE AND OTHER PAYABLES

Trade payables	105,734,698	181,523,601
WAKILI house contractor	52,305,503	491,095,816
DATF Contribution Payable	1,348,982	2,060,000
EALS Subscriptions Payable	-	11,299,824
Social Security Contribution Payable	-	18,885,101
PAYE, SDL & Other Taxes Payable	-	5,138,979
HESLB Staff Loans Payable	-	953,646
WCF Payable	-	2,212,584
TLS Staff Contribution	5,035,000	-
	<u>164,424,183</u>	<u>713,169,549</u>

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19. DESIGNATED MEMBERS CONTRIBUTIONS ACCOUNT

Actual contributions:

At 01st January	71,487,021	71,340,696
Contributions received during the year	481,341,780	1,109,763,537
Transfers in	-	2,785,767
DATF LOAN received in the account	-	524,100,658
Funds available in the bank accounts for use	552,828,801	1,707,990,658
Payments to the contractor during the year	(300,000,000)	(1,639,289,397)
Architect fee paid during the year	(131,050,000)	-
Non -WAKILI house expenditures	(98,584,123)	-
Total payments made during the year	(529,634,123)	(1,639,289,397)
Balance as at 31st December	23,194,678	68,701,255

20. DATF Loan;

This is a loan from Deceased Advocates Trust Fund (DATF) an organ within TLS, which was requested by the Governing Council to support construction works for WAKILI house.

	2020	2019
	TZS	TZS
Opening Balance at 01 st January	524,100,658	-
Add: Receipts	-	524,100,658
Less: Loan Repayments	40,000,000	-
Less: Reclassified to current maturity	(484,100,658)	-
Loan Balance at 31st December	-	524,100,658

The current long-term loan has been reclassified to the current maturity because it is already past due.

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21. DEFERRED REVENUE GRANTS - DEVELOPMENT PARTNERS

Description	As at 1 January 2020 TZS	Funds received during the year TZS	Transfer to Grant Income during the year TZS	As at 31 December 2020 TZS
CBA Grant	81,172,370	227,182,785	(199,287,750)	109,067,405
LSF	193,677,125	240,000,000	(433,677,125)	-
UNICEF	(3,669,650)	3,669,650	-	-
Global Road Safety Project- Advocacy for	-	72,269,402	(71,730,838)	538,563
Railway Children Africa-RCA	-	12,036,093	(12,350,000)	(313,907)
OISEA	(21,842,312)	-	(49,685,596)	(71,527,908)
PACT	-	725,045,049	(725,045,049)	-
UNDP	11,354,500	-	(11,354,500)	-
ACT2	-	1,022,996,407	(882,064,458)	140,931,949
IFES	-	56,311,535	(54,130,066)	2,181,469
	<u>260,692,033</u>	<u>2,359,510,921</u>	<u>(2,439,325,382)</u>	<u>180,877,572</u>

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22. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are being related if one party can 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:

22.1. 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 Executive Director and the Finance Manager. Compensation of the Society's key management personnel include basic salary, transport allowance and telephone allowance.

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

	2020	2019
	<u>TZS</u>	<u>TZS</u>
i. Key management personnel:		
Salary and short-term benefits	342,900,000	342,900,000
Monthly contributions towards defined plan.	34,290,000	34,290,000
	<u>377,190,000</u>	<u>377,190,000</u>
ii. Governing Council Members:		
Sitting allowance	5,330,000	9,594,500
Members annual fees	12,000,000	12,000,000
	<u>17,330,000</u>	<u>21,594,500</u>

23. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

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

Contingent liabilities

There were no contingent liabilities as at year end.

24. PENDING LEGAL CASES' CLAIM CONTINGENCIES

There were no pending legal cases at year end (2019: No legal cases).

25. REVALUATION SURPLUS

During the period under review management revalued its assets resulting in TZS 73,008,454 as revaluation surplus. The amount is shown in the fixed assets movement and changes in the net assets of the Society. The revaluation exercise was performed by Stan Property Limited.

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26. COMPERATIVE FIGURES

Comparative figures in these financial statements have been reclassified where appropriate to make them comparable with the current year's figures and financial disclosures.

27. EVENTS AFTER THE REPORTING PERIOD

There are no known events that have impacted on the results for the year and the statement of affairs of the Society after the reporting date.