

**TANZANIA FINANCIAL REPORTING STANDARD NO.1
DIRECTORS' REPORT**

NBAA HAS ISSUED A NEW ACCOUNTING STANDARD ON DIRECTORS' REPORT

During its 146th meeting held on 15th October 2009, the NBAA Governing Board has approved the issuance of Tanzania Financial Reporting Standard (TFRS) No. 1- Directors' Report

This standard replaces TFAS 12 on Directors' Report that was issued by the Board on 1st July 2001. The standard becomes operative for financial statements covering accounting periods beginning on or after 1st January 2010. Below is the detailed Accounting Standard on the Directors' Report

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INTRODUCTION

1. Tanzania Financial Reporting Standard –TFRS 1 ó Directors Reportø is set out in paragraphs 1 to 43 below. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. Appendix A in not a standard but an illustrative example.
2. This Standard is designed as a formulation and development of best practice. It should be applicable to all public entities that purport to prepare directors report.
3. This Standard recommends that directors prepare directorsøreport addressed to members, setting out their analysis of the business, with a forward-looking orientation in order to assist members to assess the strategies adopted by the entity and the potential for those strategies to succeed. The information disclosed in the directorsø report will also be of relevance to other stakeholders. The directors report should not, however, be seen as a replacement for other forms of reporting addressed to a wider stakeholder group.

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OBJECTIVE

1. The objective of this Standard is to build on the foundation of the existing best practice by providing a framework within which directors can discuss the main factors underlying the financial performance and position of the entity. It will also enable directors to discuss and assess the financial structure and review future prospects of the entity. The report will enable directors and management in general to understand how their employees' interests have been or are accommodated in the entity's current and future plans. On the other hand, it will enable the entity to comply with the requirements of the relevant statutory legislation.

The director's report should be a balanced and comprehensive analysis, consistent with the size and complexity of the business, of:

- a. the development and performance of the business of the entity during the financial year;
- b. the financial performance, financial position and cash flows of the entity;
- c. the main trends and factors underlying the development, performance and position of the business of the entity during the financial year; and
- d. the main trends and factors which are likely to affect the entity's future development, performance and position, prepared so as to assist members to assess the strategies adopted by the entity and the potential for those strategies to succeed.

SCOPE

2. This Standard should be applicable to all entities. Entities are urged to follow the spirit of this Standard and use their best endeavours to adapt the detailed guidance to their own circumstances.

The Director's Report is expected to have the following features in general:

- (a) It should refer to comments made in the previous periods directors' reports where these have not been borne out by events;
- (b) It should contain analytical discussion rather than merely numerical analysis;
- (c) It should follow a top-down structure discussing individual aspects of the business in the context of a discussion of the business as a whole;
- (d) It should make it clear how any ratio or other numerical information given relate to the financial statements;
- (e) It should include discussion of:
 - (i) Trends and factors underlying the business that have affected the results but are not expected in the future; and
 - (ii) Known events and uncertainties that are expected to have an impact on the business in the future.

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In addition to the requirements of this statement, listed companies will be bound by the disclosure rules prescribed by the Dar-es-Salaam Stock Exchange (DSE), the Company's Act No. 12 of 2002, and other relevant statutory requirements.

DEFINITIONS

3. The following terms are used in this Standard with the meanings specified:

Directors

Reference to either *directors* or *board of directors* within the Standard is taken to be the Entity's governing body where the entity is not a company.

Key Performance Indicators (KPIs)

KPIs are factors by reference to which the new developments, performance and position of the business of the entity can be measured effectively. They are quantified measurements that reflect the critical success factors of an entity and disclose progress towards achieving a particular objective(s).

Operating and Financial Review (OFR)

An OFR is a narrative explanation, provided in the directors' report, of the main trends and factors underlying the development, performance and position of an entity during the financial year covered by the financial statements, and those which are likely to affect the entity's future development, performance and position.

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PRINCIPLES

4. The OFR should set out an analysis of the business through the eyes of the board of directors.

The OFR should reflect the directors' view of the business. Accordingly, the entity should disclose appropriate elements of information used in managing the entity, including its subsidiary undertakings. Where appropriate, the review may give greater emphasis to those matters which are significant to the entity and its subsidiary undertakings taken as a whole. Such matters may include issues specific to business segments where relevant to the understanding of the business as a whole. Directors should develop the presentation of their OFR in a way that complements the format of their annual report as a whole.

5. The OFR should focus on matters that are relevant to the interests of members.

Members' needs are paramount when directors consider what information should be contained in the OFR. Information in the OFR will also be of interest to users other than members, for example other investors, potential investors, creditors, customers, suppliers, employees and society more widely. The directors should consider the extent to which they should report on issues relevant to those other users where, because of those issues influence on the performance of the business and its value, they are also of significance to members. The OFR should not, however, be seen as a replacement for other forms of reporting addressed to a wider stakeholder group.

6. The OFR should have a forward-looking orientation, identifying those trends and factors relevant to the members' assessment of the current and future performance of the business and the progress towards the achievement of long-term business objectives.

6.1 The particular factors discussed should be those that have affected development, performance, and position during the financial year and those which are likely to affect the entity's future development, performance and position.

6.2 Given the nature of some forward-looking information, in particular elements that cannot be objectively verified but have been made in good faith, directors may want to include a statement in the OFR to treat such elements with caution, explaining the uncertainties underpinning such information.

6.3 The OFR should comment on the impact on future performance of significant events after the balance sheet date.

6.4 The OFR should also discuss predictive comments, both positive and negative, made in previous reviews whether or not these have been borne out by events.

7 The OFR should complement as well as supplement the financial statements, in order to enhance the overall corporate disclosure.

7.1 In complementing the financial statements, the OFR should provide useful financial and non-financial information about the business and its performance that is not reported in financial statements but which, the directors judge, might be relevant to the members' evaluation of past results and assessment of future prospects.

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7.2 In supplementing the financial statements, the OFR should where relevant:

- provide additional explanations of amounts recorded in the financial statements;
- explain the conditions and events that shaped the information contained in the financial statements.

Where amounts from the financial statements have been adjusted for inclusion in the OFR, that fact should be highlighted and reconciliation provided.

8 The OFR should be comprehensive and understandable.

8.1 Directors should consider whether the omission of information might reasonably be expected to influence significantly the assessment made by members.

8.2 The recommendation for the OFR to be comprehensive does not mean that the OFR should cover all possible matters: the objective is quality, not quantity of contents. It is neither possible nor desirable for a Standard to list all the elements that might need to be included, since these will vary depending on the nature and circumstances of the particular business and how the business is run.

8.3 Directors should consider the evidence underpinning the information to be included in the OFR. Where relevant, directors should explain the source of the information and the degree to which the information is objectively supportable, to allow members to assess the reliability of the information presented for themselves.

8.4 Directors should consider the key issues to include in the OFR that will provide members with focused and relevant information. The inclusion of too much information may obscure judgements and will not promote understanding. Where additional information is discussed elsewhere in the annual report, or in other reports, cross-referencing to those sources will assist members.

8.5 The OFR should be written in a clear and readily understandable style.

9 The OFR should be balanced and neutral, dealing even-handedly with both good and bad aspects.

The directors should ensure that the OFR retains balance and that members are not misled as a result of the omission of any information on unfavourable aspects.

10 The OFR should be comparable over time.

Disclosure should be sufficient for the members to be able to compare the information presented with similar information about the entity for previous financial years. Comparability enables identification of the main trends and factors, and their analysis, over successive financial years. Directors may wish to consider the extent to which the OFR is comparable with reviews prepared by other entities in the same industry or sector.

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DISCLOSURE FRAMEWORK

Paragraphs 11 to 43 below set out a framework for the disclosures to be provided by directors in an OFR. This framework is not a template, nor should the elements in paragraph 11 be taken as headings that should be included within an OFR. Its purpose is to set out the key content elements that should be addressed within an OFR. It is for directors to consider how best to use the framework to structure the OFR and the precise content, including the level of detail to be disclosed, relating to the key elements, given the particular circumstances of the entity. These circumstances may include:

- a. the industry or industries in which it operates;
- b. the range of products, services or processes it offers;
- c. the number of markets it serves.

11 The OFR should provide information to assist members to assess the strategies adopted by the entity and the potential for those strategies to succeed. The key elements of the disclosure framework recommended to achieve this are:

- a. the nature of the business, including a description of the market, competitive and regulatory environment in which the entity operates, and the entity's objectives and strategies;
- b. the development and performance of the business, both in the financial year under review and in the future;
- c. the resources, principal risks and uncertainties and relationships that may affect the entity's long-term value; and
- d. position of the business including a description of the capital structure, treasury policies and objectives and liquidity of the entity, both in the financial year under review and the future.

Details of particular matters

12 To the extent necessary to meet the recommendations set out in paragraph 11 above, the OFR should include information about:

- a. environmental matters (including the impact of the business of the entity on the environment);
- b. the entity's employees;
- c. social and community issues;
- d. gender parity;
- e. persons with whom the entity has contractual or other arrangements which are essential to the business of the entity;
- f. receipts from, and returns to, members of the entity in respect of shares held by them; and
- g. all other matters the directors consider to be relevant.

13 For items (a) to (c) in paragraph 12, the OFR should, in particular, include:

- a. the policies of the entity in each area mentioned; and
- b. the extent to which those policies have been implemented.

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The nature, objectives and strategies of the business

14 The OFR should include a description of the business and the external environment in which it operates as context for the directors' discussion and analysis of performance and financial position.

14.1 A description of the business is recommended in order to provide members with an understanding of the industry or industries in which the entity operates, its main products, services, customers, business processes and distribution methods, the structure of the business, and its economic model, including an overview of the main operating facilities and their location.

14.2 Every entity is affected by its external environment. Depending on the nature of the business, the OFR should include discussion of matters such as the entity's major markets and competitive position within those markets and the significant features of the legal, regulatory, macro-economic and social environment that influence the business. For example, an entity may disclose the fact that it has significant operations in a number of different countries, which could have an impact on the future development and performance of the business.

15 The OFR should discuss the objectives of the business to generate or preserve value over the longer-term.

15.1 Objectives will often be defined in terms of financial performance; however, objectives in non-financial areas should also be discussed where appropriate.

15.2 The nature of the industry will affect the directors' determination of an appropriate time perspective for reporting in the OFR. For example, a business that focuses on large long-term projects must carry out its strategic planning over the full project lifecycle, which may be 20 years or more. Furthermore, where a project has a long-term impact on the environment, this is likely to affect long-term value and should therefore determine the time perspective for reporting in the OFR. By contrast, a service industry with few physical assets and depending on the supply of particular employee skills for its source of competitive advantage, will plan over a period consistent with its ability to recruit, train and develop its staff, which may be much shorter.

16 The OFR should set out the directors' strategies for achieving the objectives of the business.

Disclosure of the directors' strategies is recommended in order for members to assess the current and past action undertaken by directors in respect of the stated objectives.

17 To the extent necessary to meet the recommendations set out in paragraph 11 above, the OFR should include the key performance indicators, both financial and, where appropriate, non-financial, used by the directors to assess progress against their stated objectives.

17.1 The KPIs disclosed should be those that the directors judge are effective in measuring the delivery of their strategies and managing their business. Regular measurement using KPIs should enable an entity to set and communicate its performance targets and to measure whether it is achieving them.

17.2 Comparability will be enhanced if the KPIs disclosed are accepted and widely used, either within the industry sector or more generally.

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18 Directors should also consider the extent to which other measures and evidence should be included in the OFR.

These could be narrative evidence describing how the directors manage the business or quantified measures used to monitor the entity's external environment and/or progress towards the achievement of its objectives.

Current and future development and performance

19 The OFR should describe the significant features of the development and performance of the business in the financial year covered by the financial statements, focusing on those business segments that are relevant to an understanding of the development and performance as a whole.

19.1 Trends and factors in development and performance suggested by an analysis of the current and previous financial years should be highlighted. Development and performance should be described in the context of the strategic objectives of the business.

19.2 The OFR should cover significant aspects of the statements of financial performance and where appropriate should be linked to other aspects of performance.

19.3 The OFR should set out the directors' analysis of the effect on current development and performance of changes during the financial year in the industry or the external environment in which the business operates and of developments within the business. For example, changes in market conditions could have an impact on the development and performance of the entity during the period, as could the introduction, or announcement, of new products and services.

20 The OFR should analyse the main trends and factors that directors consider likely to impact future prospects.

20.1 The main trends and factors likely to affect the future development and performance will vary according to the nature of the business, but could include the development of known new products and services or the benefits expected from capital investment. The OFR should discuss the current level of investment expenditure together with planned future expenditure and should explain how that investment is directed to assist the achievement of business objectives. Any assumptions underlying the main trends and factors should be disclosed.

20.2 Directors should consider the potential future significance of issues in deciding whether or not to include an analysis of them in the OFR.

Resources

21 The OFR should include a description of the resources available to the entity and how they are managed.

The OFR should set out the key strengths and resources, tangible and intangible, available to the business, which will assist it in the pursuit of its objectives and, in particular, those items that are not reflected in the statement of financial position. Depending on the nature of the business, these may include: corporate reputation and brand strength; natural resources; employees; research and

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development; intellectual capital; licences, patents, copyright and trademarks; market position and government policies/regulations.

Principal risks and uncertainties

22 The OFR should include a description of the principal risks and uncertainties facing the entity, together with a commentary on the directors' approach to them.

22.1 While different industries and entities use different risk models or approaches for identifying and managing risk, all entities face and should disclose strategic, commercial, operational and financial risks where these may significantly affect the entity's strategies and development of the entity's value.

22.2 The principal risks and uncertainties facing entities will vary according to the nature of the business, although it is expected that some risks, such as reputation risk, will be common to all.

22.3 The description of the principal risks and uncertainties should cover both the exposure to negative consequences as well as potential opportunities. The directors' policy for managing principal risks should be disclosed.

22.4 The OFR should cover the principal risks and uncertainties necessary for an understanding of the objectives and strategies of the business, both where they constitute a significant external risk to the entity, and where the entity's impact on other parties through its activities, products or services, affects its performance. Directors should consider the full range of business risks.

Relationships

23 To the extent necessary to meet the recommendations set out in paragraph 11 above, the OFR should include information about significant relationships with stakeholders other than members, which are likely, directly or indirectly, to influence the performance of the business and its value.

Directors, in deciding what should be included in the OFR, should take a broad view in considering the extent to which the actions of stakeholders other than members can affect an entity's performance and thus its value. For example, for many entities, relationships with customers, suppliers, employees, contractors, lenders, creditors and regulators will be important, as will the entity's broader impact on society and the communities affected by its activities. Strategic alliances with other entities can also affect the performance of the entity and its value.

24 Where necessary for an understanding of the business, the OFR should describe receipts from, and returns to, shareholders in relation to shares held by them. This should include a description of any distributions, capital raising and share repurchases.

Financial position

25 The OFR should contain an analysis of the financial position of the entity.

25.1 The analysis, whilst based upon the financial statements, should comment on the events that have impacted the financial position of the entity during the financial year, and future factors

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that are likely to affect the financial position going forward. The analysis should supplement the disclosures required in accounting standards, in particular those required by IAS 32 –Financial Instruments: Presentation or IFRS 7 –Financial Instruments: Disclosures

- 25.2 The OFR should highlight accounting policies set out in the notes to the financial statements and discuss those accounting policies that are critical to an understanding of the performance and financial position of the entity, focusing on those which have required the particular exercise of judgement in their application and to which the results are most sensitive. In addition, it should draw attention to the accounting policies which have changed during the financial year under review.

25.3 The OFR should contain a discussion of the capital structure of the entity.

This could include the balance between equity and debt, the maturity profile of debt, type of capital instruments used, currency, regulatory capital and interest rate structure. The discussion should include comments on short and longer-term funding plans to support the directors' strategies to achieve the entity's objectives. In addition, the discussion should comment on why the entity has adopted its particular capital structure.

26 The OFR should set out the entity's treasury policies and objectives.

- 26.1 The OFR should also discuss the implementation of these policies in the financial year under review.
- 26.2 The purpose and effect of major financing transactions undertaken up to the date of approval of the financial statements should be explained. The effect of interest costs on profits and the potential impact of interest rate changes should also be discussed.

Cash flows

27 The OFR should discuss the cash inflows and outflows during the financial year, along with the entity's ability to generate cash, to meet known or probable cash requirements and to fund growth.

- 27.1 Any discussion should supplement the information provided in the financial statements by, for example, commenting on any special factors that have influenced cash flows in the financial year and those that may have a significant effect on future cash flows. This could include, for example, the existence and timing of commitments for capital expenditures and other known or probable cash requirements. Where entities have cash that is surplus to future operating requirements and current levels of distribution, the discussion should include future plans for making use of the excess cash.
- 27.2 Although segmental analysis of profit may be indicative of the cash flow generated by each segment, this will not always be so – for example, because of fluctuations in capital expenditure and depreciation. Where segmental cash flows are significantly out of line with segmental revenues or profits, this should be indicated and explained.

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Liquidity

28 The OFR should discuss the entity's current and prospective liquidity. Where relevant, this should include commentary on the level of borrowings, the seasonality of borrowing requirements (indicated by the peak level of borrowings during that period) and the maturity profile of both borrowings and undrawn committed borrowing facilities.

28.1 The discussion on liquidity should discuss the ability of the entity to fund its current and future operations and stated strategies.

28.2 The discussion should cover internal sources of liquidity, referring to any restrictions on the ability to transfer funds from one part of the group to meet the obligations of another part of the group, where these represent, or might foreseeably come to represent, a significant restraint on the group. Such constraints would include exchange controls and taxation consequences of transfers.

28.3 Where the entity has entered into covenants in financing contracts which could have the effect of restricting the use of financing arrangements or credit facilities, and negotiations with the lenders on the operation of these covenants are taking place or are expected to take place, this fact should be indicated in the OFR. Where a breach of a covenant has occurred or is expected to occur, the OFR should give details of the measures taken or proposed to remedy the situation.

KEY PERFORMANCE INDICATORS

29 An entity should provide information that enables members to understand each KPI disclosed in the OFR.

30 For each KPI disclosed in the OFR:

- the definition and its calculation method and current level should be explained;
- its purpose should be explained;
- the source of underlying data should be disclosed and, where relevant, assumptions explained;
- quantification or commentary on future targets should be provided;
- where information from the financial statements has been adjusted for inclusion in the OFR, that fact should be highlighted and a reconciliation provided;
- where available, corresponding amount for the financial year immediately preceding the current year should be disclosed; and
- any changes to KPIs should be disclosed and the calculation method used compared to previous financial years, including significant changes in the underlying accounting policies adopted in the financial statements, should be identified and explained.

31 Quantification or commentary on future targets is about communicating the direction the entity is taking by, for example, setting out future strategies and goals.

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OTHER PERFORMANCE INDICATORS

32 Where a quantified measure, other than a KPI, is included, the OFR should disclose:

- the definition and its calculation method; and
- where available, corresponding amount for the financial year immediately preceding the current year.

MEMBERSHIP OF THE BOARD OF DIRECTORS

33 The directors' report must state the names of all persons who at any time during the accounting period, or at the time the financial statements were adopted by the Board, functioned either as the Chief Executive or as members of the Board of Directors and shall be disclosed with particulars of nationality and position within the Board. It shall also state the number of times the Board held the board meetings and a brief of what was discussed in those meetings.

34 Committees of the Board: The directors' report must state the committees of the Board and the members of those committees. It shall also state the number of times the Committees held their meetings and a brief of what was discussed in those meetings.

CORPORATE GOVERNANCE REPORTING

35 The directors' report shall contain a detailed "Corporate Governance Statement" sharing how it has complied with the principles and codes of best practice.

APPOINTMENT OF AUDITORS

36 The directors' report should disclose the name of the entity's auditors for the period covered by the directors' report.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

37 In the directors' report, it should be clearly stated that it is the responsibility of the directors to prepare financial statements of the enterprise which show a true and fair view in accordance with Board's standards. This responsibility covers the period from the beginning of the financial year to the date the director's approve the audited financial statements and it covers all directors who acted as directors during any part of this period.

POLITICAL AND CHARITABLE DONATIONS

38 Where an entity has made political or charitable donations during the accounting period then the following information should be provided in the directors' report:

- separate totals of the political and charitable donations
- names of the individual political recipients of the donations.

It is not necessary to include the names of recipients of charitable donations in the directors' report.

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EMPLOYEE WELFARE

- 39** An entity should include a statement which describes the actions that have been taken during the accounting period to introduce, maintain or develop arrangements whose objectives are to increase employees' welfare, and make them aware and possibly participate in decisions affecting their interests and the performance of the enterprise.

The directors; report should also disclose the pension fund in which the entity belongs.

DISABLED PERSONS

- 40** For revealing the efforts of the enterprise to promote the welfare of disabled persons, there shall be a disclosure of the policy of the enterprise in respect of:
- 40.1 employment of disabled persons;
 - 40.2 the continued employment and training of persons who become disabled whilst employed by the enterprise; and
 - 40.3 the training, development and promotion of disabled persons.

STATEMENT OF COMPLIANCE

- 41** A report which may be called a Directors' Report or by any other name as appropriate, shall be included in and constitute an integral part of the financial statements. This report shall contain the information provided in this Standard and such other statutory legislation relevant to the entity.

APPROVAL

- 42** The Directors' Report must be approved by the directors and signed by the person(s) authorised by the Board of Directors.

EFFECTIVE DATE

- 43** This standard will replace TFAS 12 on Director's Report that was issued by the Board on 1st July 2001. The standard becomes operative for financial statements covering accounting periods beginning on or after 1st January 2010.
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Appendix A

ILLUSTRATIVE EXAMPLE ON THE DIRECTORS' REPORT

This appendix accompanies, but is not part of TFRS 1. It is just an illustrative example and it is not necessary that entities should follow the illustrative example word by word when preparing directors report.

**XYZ COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED**

The Directors present this report and the audited financial statements for the financial year ended í í í í .., which disclose the state of affairs of the Company.

INCORPORATION

The company is incorporated in Tanzania under Companies Act as a private company limited by share/public limited company.

COMPANY'S VISION

í í í í í í í í í í í í í í .

COMPANY'S MISSION

í í í í í í í í í í í í í í .

PRINCIPAL ACTIVITIES

The principal activities of the Company are: í í í í í í í í í í í .

COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company at the date of this report and who have served since í í í .., except where otherwise stated, are:

Name	Position	Age	Qualifications/ Discipline	Nationality	Appointed/ Resigned	Date of Appointment/ Resignation
1.						
2.						
3						
4						
5						

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The Company secretary as at í í í í í . was í í í í í í ..

CORPORATE GOVERNANCE

The Board off í í í í í í consists of í í í í ..Directors, apart from the Managing Director, no other directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to Managing Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The company is committed to the principles of effective corporate governance .The directors also recognize the importance of integrity, transparency and accountability. During the year the Board of í í í í í í í í í í .company has the following board sub-committees to ensure a high standard of corporate governance throughout the company.

..... **Committee (1st committee)**

	Name	Position	Qualifications/ Discipline	Nationality	Remarks
1.					
2.					
3					
4					

The í í í . Committee reports to í í í í í í í í í .

The í í í í í Committee met í í í í .. times during the year.

Audit Committee (2nd committee)

	Name	Position	Qualifications/ Discipline	Nationality	Remarks
1.					
2.					
3					

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The **í í í í í** . Committee reports to **í í í í í í í í í** .

The **í í í í í í í** .. Committee met **í í í í** .. times during the year.

Mention any other specific committees.

The Board met **í í** . times during the year.

CAPITAL STRUCTURE

The company capital structure for the year under review is shown below.

MANAGEMENT

The Management of the Company is under the Managing Director and is organized in the following departments.

- Finance and administration department.
- Operations department
- Marketing department
- **í í í í í í í í í** . *(etc as appropriate)*

SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year **í** .. is **í í í** ..shareholders (previous year: **í** . shareholders)

Directors holding shares are listed below

S/N	Name	Nationality	Number of Ordinary Shares	Number of Preference Shares

The shares of the company are held as follows:

S/N	Shareholder	Current Year Number of Shares		Previous Year Number of Shares	
		Ordinary	Preference	Ordinary	Preference

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	Total				
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STOCK EXCHANGE INFORMATION

In *í í (year)* the Company was listed with *í í í .(mention the stock exchange)*. The share price during the year was TShs. *í í ..* In *í í (year)* the performance of the Company's shares in the secondary market was as follows: Market capitalization as at (date) *í ..* was Tshs *í í (previous year - Tshs í ..)*

FUTURE DEVELOPMENT PLANS

The company will continue to improve its profitability through the introduction of innovative products, focusing on value-added customer services and selective expansion of its branches while carefully managing both costs and risks. The company will continue to focus on improving productivity and introducing new products to the market.

RESULTS AND DIVIDEND

During the year the company had a net profit for the year of TShs *í í í í í . (previous year - TShs í í í í .)*

The Board of Directors is proposing a dividend of TShs *í í í í í í í .relating to í .(current year) profit (previous year TShs í í í í í í í)*

PERFORMANCE FOR THE YEAR

Discuss on the company's performance for the year under review in comparison with that of the previous. Include explanations involving both the statement of financial position and income statement items.

TANZANIA FINANCIAL REPORTING STANDARD NO.1
DIRECTORS' REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 1st 1st (year) and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through 1st 1st 1st .Committee (mention Committee e.g. Audit committee etc)

SOLVENCY

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that XYZ Company has adequate resources to continue in operational existence for the foreseeable future.

TANZANIA FINANCIAL REPORTING STANDARD NO.1
DIRECTORS' REPORT

EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relation between employees and management for the year 2019/2020. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade union.

The company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training Facilities

When presenting its annual budget for the year 2019/2020 (year), the company put aside a sum of TShs. 1,000,000,000 for staff training in order to improve employees' technical skills and hence effectiveness (previous year TShs. 1,000,000,000). Training programs has been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

All members of staff with a maximum number of four beneficiaries (dependants) for each employee were availed medical insurance guaranteed by the Board. Currently these services are provided by 1,000,000,000.

Health and Safety

The company has a strong health and safety department which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial Assistance to Staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. Management has established a Revolving Fund and has influenced staff to established and join Company Savings and Credit Co- operative Society (SACCOS) to assist in promoting the welfare of its employees.

TANZANIA FINANCIAL REPORTING STANDARD NO.1 DIRECTORS' REPORT

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

The average number of employees during the year was 1 .. (*previous year: 1 ..*)

GENDER PARITY

The company had 1 .. employees, out of which 1 .. were female and 1 . were male. (*Previous year: 1 ..*)

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 1 1 1 to these financial statements.

POLITICAL AND CHARITABLE DONATIONS

The company did not make any political donations during the year. Donations made to charitable organizations during the year amounted to TShs 1 1 1 1 .. (TShs 1 1 1 . (previous year)).

ENVIRONMENTAL CONTROL PROGRAMME

Discuss on the environmental control program in place.

CORPORATE SOCIAL RESPONSIBILITY

Discuss issues on corporate social responsibility performed by the company during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of its

TANZANIA FINANCIAL REPORTING STANDARD NO.1
DIRECTORS' REPORT

profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

AUDITORS

The auditors ABC & Co. have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment as auditor of the Company for the year í . will be put to the Annual General Meeting.

Approved by the board of directors on í í í í í í í í í and signed on its behalf by:

.....
CHAIRMAN

.....
DATE

.....
DIRECTOR

.....
DATE