DSE

Creating Opportunities

ANNUAL REPORT 2022

FOR THE YEAR ENDED 31 DECEMBER 2022

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Chairman's Statement

Introduction

With great humility and gratitude, I present to you Dar es Salaam Stock Exchange (DSE) Annual Report and Financial Statements for the year ended December 31, 2022. While the World has been recovering from the global health crisis related to Covid-19, the geopolitics tensions and conflicts at the beginning of the year revived business disruptions and challenges, both locally and world over, and the associated changes in investors' confidence and preferences. Amidst these challenges, the Exchange was able take full advantage of unique opportunities for growth presented in the quest to keep our commitment to create and preserve value to the shareholders and key stakeholders.

Our Operating Environment and Delivering on the Strategy

Globally, the year 2022 witnessed recovery from the Covid-19 pandemic. The major downside risks were relate to new COVID-19 variants and associated disruptions to economic activity. However, this was mitigated by increased public awareness and uptake of vaccines. Domestically, the economy managed to register a Gross Domestic product (GDP) growth of 5.1 percent which is well above other economies in the region. This was due to improved performance in tourism, the reopening of trade corridors, and accelerated rollout of vaccines. Fiscal deficit narrowed down to 2.7% due to improved revenue performance. The fiscal deficit and the need to finance strategic projects meant the need for both domestic and external borrowing by the government with the former mostly being in the form of issuing treasury securities. In year 2022 government issued and listed Treasury bond worth TZS 3,164 billion. Inflation was also relatively low averaging at 4.8 percent.

The 2022 financial year was the last year of implementation of the 2018-2022 DSE 5-Years Strategic Plan II which continues to deliver strong results since its inception. In the year, DSE focused to deliver in some key strategic results areas amidst the evolving challenges. The core area included Advocacy on Policy Development Issues; Guidelines for Listing of Green and Social Sustainable Bonds; enhancement of the subsidiary (CSDR) products and services, Enhancement of Compliance as well as Risk Management and Corporate Governance Issues. The year also marked an assessment of the ending Strategic Plan and preparations of the forthcoming Five Year Strategic Plan III (2023 – 2027).

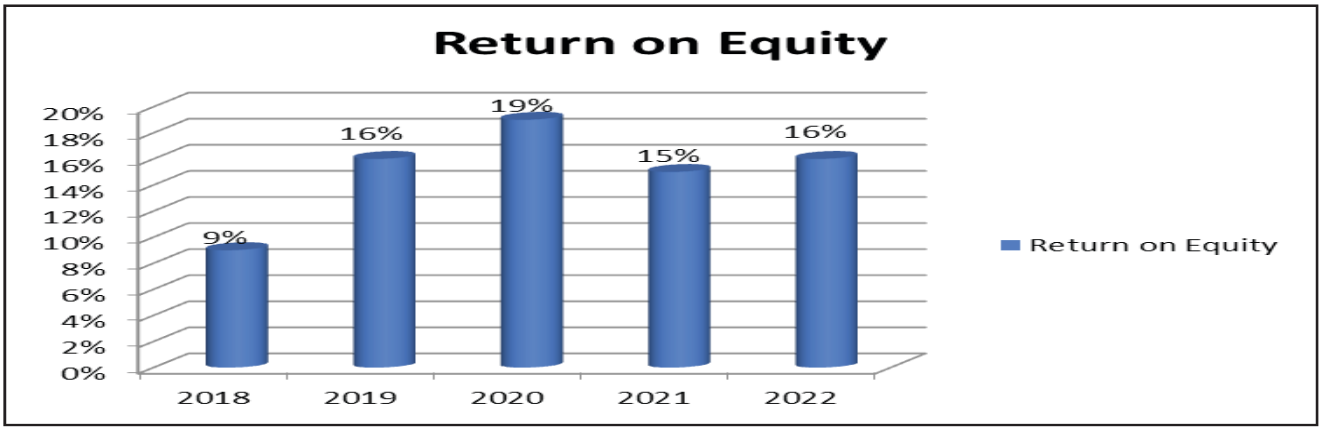
In additional, the DSE continued with its strategies to strengthening its partnership with international and global business related partners. Notably, alignment with the UN Sustainable Development Goals, particularly the goals relevant to stock exchanges. In 2022, the DSE joined the UN-Women, UN-SSE, UN-Global Compact, and WFE in Celebrating International Women Day by ringing the bell for Gender Equality on 8th March 2022.

Financial Performance

As you will see in the financial statements published in this Annual Report, the Exchange had a robust financial performance in the year. We attained a 16% return on equity and 14% return on assets while earnings per share grew by 12 percent reaching TZS 188.16 (2021: TZS 167.78). Part of this value is expected to go to be returned to shareholders in the form of dividend payment. The trend for return on equity and EPS for the past five years is as shown below;

Chairman's Statement (continued)

Financial Performance (Continued)



Chairman's Statement (continued)

Investors' reaction to the sustained financial performance was very positive with DSE shares being among the most liquid share in the exchange. During the year, our share had good trading volumes trading at an average price of TZS 1,700. The DSE closing price for the last five years is as shown below;

Corporate Governance

The Board continues to exercise its oversight mandate through the approved board structure and the various substantive and adhoc Board committees. The year saw the reappointment of two members of the Board of Directors representing two shareholders with more than 10 percent shareholding. These were Dr. Ellinami Minja representing the Treasury Registrar and Mr. Deogratius Labala representing Briarwood Chase Management LLC. In May 2022 Mr Moremi Marwa, DSE CEO, who served for nine (9) years, retired after expiration of last term contract. On behalf of DSE Board of Directors, we would like to thank Mr. Marwa for his dedication and the great job that saw the Exchange achieving a number of strategic and monumental results including Demutualization and Self Listing in 2016; Joining UN Sustainable Stock Exchange in 2016; Full Membership of World Federation of Exchange in 2018 and achieving Frontier Market Status (FMS) in 2019. We wish him all the best in his life outside the Exchange. To ensure continuity, the Board appointed Ms. Mary S Mniwasa, the DSE's Chief Legal Counsel to serve as Acting Chief Executive Officer pending finalization of recruitment of substantive CEO.

Outlook and Sustainability

As we continue to witness recovery of various sectors within the economy, experienced country political stability, and vision of the 6th Phase Government, led by Her Excellence, President Dr. Samia Suluhu Hassan, in particular her special focus to the country's capital markets, I am optimistic that we are well positioned to consolidate our progress ultimately enabling us to sustain our growth trajectory. We remain focused on innovations that allow us implement operational efficiencies but also intend to carefully test new ideas that promise new areas through which we can unlock potential for exponential growth. The Board is optimistic that the Exchange's performance will continue improving in the years ahead and remains confident with the government's approach to deal with externalities.

Chairman's Statement (continued)

Outlook and Sustainability (Continued)

The Exchange will continue to implement appropriate strategies to enhance growth and profitability. Short term measures include strengthening the data and training academy unit with the aims of growing our data revenues from 1% of total revenue to 5% within the next two years. The next two years will also witness DSE moving to its ultra-modern premise, the Exchange Square. The longer term focus, as espoused in the DSE's Strategic Plan for the next Five Year, that has five pillars i.e. Partnership, Technology, market focus and DSE people. As previously shared with shareholders, our diversification agenda is a core part of our business growth and sustainability strategy.

Dividend recommendation

The Board has carefully assessed the prevailing financial conditions, the need for future growth through re-investment of funds and optimization of shareholder value in the light of the company dividend policy. It has, therefore, has recommended a dividend of TZS 116 (2021: TZS 100.67) per share for the year ended 31 December 2022, subject to approval by shareholders during the Annual General Meeting (AGM).

Acknowledgement

The Board appreciates the support DSE has been receiving from our key stakeholders. The investing publics both domestic and international have actively kept the exchange alive while stockbrokers have delivered smooth facilitation of transaction. Listed Companies, security issuers and Custodians have played a crucial role in ensuring the smooth operations of the Exchange over the past year.

We acknowledge the support of our Regulator, the Capital Markets and Securities Authority (CMSA), Development Partners and the Government, through the leadership of Her Excellence President Dr. Samia Suluhu Hassan, for their cooperation and commitment to meaningfully engage with the Exchange in matters of policy that directly impact our operations.

I wish to commend and recognize the Management and staff of the Exchange for demonstrating commitment to deliver our common mandate to grow the business.

Finally, I would like to thank our shareholders for entrusting us with their investment as well as their continued unwavering support of our ambitious journey of making the Exchange to be the engine that fuels and finance economic developments and national agent of change by attracting capital and investment. We reassure you of our commitment to deliver our shared ambition to inspire growth in all what we do.

Board Chairman

Dr. Ellinami Minja

BOARD OF DIRECTORS

Dr. Elinami Minja
Board Chairman

Mrs. Mary S. Mniwasa
Acting C.E.O

Dr. Abdiel Abayo
Board Member

Mr. Fadhili J. Manongi
Board Member

Ms Beng'i Issa
Board Member

Mr. Layson Mwanjisi
Board Member

Mr. Deogratias Laballa
Board Member

Mr. Selestine J. Some
Board Member

CEO's Report

Introduction

I am delighted to share with you highlights of the operational and financial performance of the Company for the year ended 31st December 2022. The year 2022 was the fifth year of implementation of our Five-Year Strategic Plan II (2018 - 2022).

In terms of market performance, trading value increased to TZS 133 billion from turnover of TZS 104 billion in 2021; this being due to among other things, improvement in foreign investors participation who contributed significantly on the equity liquidity. However, in secondary bonds market segment, bonds turnover (in trading value) increased by 21 percent to TZS 3,045 billion in 2021 from turnover of TZS 2,562 billion in 2021.

Listing fee accounted for 38 percent of total revenue for 2022 compared to 41 percent in 2021, transactions fees accounted for 12 percent compared to 9 percent in 2021, while investment income accounted for 31 percent of a total revenue compared to 29 percent in year 2021.

Total Market Capitalization decreased by 0.8 percent from TZS 15,809 billion as of 31st December 2021 to TZS 15,685 billion as of 31st December 2022, this was due to increase in prices. On the other hand, the Domestic Market Capitalization increased by 3 percent, from TZS 9,426 billion in on 31st December 2021 to TZS 10,280 billion on 31st December 2022, major reasons for the increase being the increase in share prices and valuation for some domestic listed companies.

Outstanding Treasury bonds increased from TZS 15,243 billion as of 31st December 2021 to TZS 17,088 billion as of 31st December 2022. Outstanding Corporate bonds increased from TZS 114 billion as of 31st December 2021 to TZS 155 billion as of 31st December 2022, an increase of 36 percent. The increase was due to new issuance of corporate bonds from NMB Bank PLC, NBC Bank Limited, and KCB Bank Tanzania Limited.

Financial Performance

Total income increased by 15 percent, from TZS 8.77 billion in 2021 to TZS 10.07 billion in 2022. The profit before tax increased to TZS 4.53 billion compared to a profit before tax of TZS 4.037 billion in 2021. The strong financial performance is due to Management's initiatives to diversify the company's revenue base and allocate expenses in a cost-conscious manner, coupled with efficient management of the company's investment portfolio as well as changes in bond's transaction fee and our subsidiary company's (CSDR) membership fee.

Following continued good performance, the DSE share price increased by 48 percent during the year 2022, from TZS 1300 in December 2021 to TZS 1,700 per share by December 2022. This resulted into an increase in shareholders' book value by TZS 10 billion i.e., from a market capitalization of TZS 31 billion in 2021 to a market capitalization of TZS 41 billion in 2022.

CEO's Report (continued)

Planned and Implemented Activities in Year 2022

During the year 2022, DSE implemented the following strategic initiatives: (i) made a follow up and got approval of the DSE Revised Rules, 2022 from the Regulator; (ii) provided an enabling environment for listing of sustainable themed/labelled financial instruments; (iii) pursued liquidity enhancement for both equity and debt market segments; (iv) prepared the DSE Five-Year Strategic Plan III (2023-2027); (v) enhanced compliance and risk management process; and (vii) enhanced efficient utilization of DSE financial, human and other resources.

Outlook

In year 2023 the DSE will continue with the delivery of the new 2023–2027 Strategic Plan III which is embedded in the overall DSE objective of "providing a responsive securities exchange that promotes economic development through offering a range of attractive and cost-effective products and services".

More specific, in year 2023, the DSE Group will implement the following key initiatives: (i) focus on the domestic buy-side (ii) increase number of equity listings and range of other listings according to customer needs; (iii) continue work with Licensed Dealing Members and others to increase price discovery and liquidity (iv) improve data dissemination/sales, stockbroker research, and partnership with stakeholders (v) strengthen the DSE's capabilities to deliver its mandate - the focus being on improvement of operational performance (i.e., Financial and IT systems); and (vi) enhance the Self-Regulatory Organization (SRO) function.

Looking Forward and Appreciation

With a fully re-opened economy, we are expecting as we move forward to yet another promising year. We will continue to leverage on technology to come up with solutions that will increase our capacity to deliver value to all our stakeholders. Our innovation strategy will continue to be informed by the needs of the market for a more efficient, accessible, and effective platform for conducting financial transactions within the capital markets industry.

I would like to thank all our stakeholders for their unwavering support during the year 2022 as we continue to work hard to build a more resilient and prosperous company. I would also like to thank the DSE team for making the year 2022 a success and look forward to the next phase of our journey.

We shall continue to prioritise engagement with all relevant stakeholders to achieve a meaningful consensus for the growth and development of the market.

Mary Mniwasa

Acting Chief Executive Officer

Date: 31st May 2023

MANAGEMENT

Mrs. Mary S. Mniwasa
Acting Chief Executive Officer

Mr. Benitho Kyando
Managing Director
DSE Subsidiary (CSDR)

Ms. Sara Mrema
Head Surveillance & Market Control

Mr. Lucas Sinkala
Head of Finance

Mr. Ali Othman
Chief Technology Officer

Ms. Happines Mushi
Head of Risk and Compliance

Mr. Mecklaud Edson
Chief Internal Auditor

Mr. Ibrahim Mshindo
Director of Business Development

Ms. Atuwene Luvinga
Head of Human Resource

Mr. Emmanuel Nyalali
Head Special Assignment
C.E.O Office.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2022

1. INTRODUCTION

The Board of Directors of the Dar es Salaam Stock Exchange Public Limited Company ("DSE or Exchange") has a pleasure to present its report together with the audited financial statements for the year ended 31 December 2022 which discloses the state of affairs of the DSE and its subsidiary, CSD & Registry Company Limited (CSDR) (together "the Group") as of that date.

2. INCORPORATION

The DSE was incorporated in 1996 under the Tanzania Companies Act, 2002 (Cap. 212) (hereinafter, the Companies Act) as a company limited by guarantee (a mutual company). DSE started operations in April 1998. On 26 June 2015, the Company changed its registration from mutual status to a company owned by shareholders (Public Limited Company) and subsequently changed its name from Dar es Salaam Stock Exchange Limited to Dar es Salaam Stock Exchange Public Limited Company. DSE issued shares to the public and thereafter self-listed its shares on 12th July 2016.

3. VISION

To be the engine that fuels and finance economic development and a national agent of change towards achieving Frontier Market Status (FMS) by attracting capital and investment.

4. MISSION

To maximise the wealth of shareholders by creating value proposition for all stakeholders, creating economic empowerment and an efficient allocation of capital.

5. PRINCIPAL ACTIVITIES

The principal activity of the DSE is to provide securities market to investors who intend to invest in the listed companies. The Exchange provides a platform that assists companies to raise capital through the issuance of equities and debt securities which are then listed at the Exchange.

6. RESULTS AND DIVIDENDS

During the year ended 31 December 2022, the Group recorded a profit after tax of TZS 4,483 million (2021: TZS 3,997 million), the profit has been added to the retained earnings. , The Directors paid a final dividend of TZS 2,398 million for year 2021 performance results (2020: TZS 2,783 million), the decrease of 14%. The dividend paid for year 2021 is equivalent to a dividend per share of TZS 100.67 (2020: TZS 116.83).

For the year 2022, the Directors are proposing a final dividend of 62% of the Group's profit after tax i.e., TZS 2,779 million which is equivalent to a dividend per share of TZS 116.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

7. FINANCIAL PERFOMANCE FOR THE YEAR

Statement of Profit or Loss and Other Comprehensive Income

During the year ended 31 December 2022, the Group recorded a total income of TZS 10,071 million (2021: TZS 8,771 million), the increase in income was due to the increase in Government listing fees, turnover on equity and bonds market segment and change in bonds transaction fee and CSDR's membership fee. The market transacted shares with a value of TZS 134 billion in year 2022 (2021: TZS 104 billion).

During the year ended 31 December 2022, the Group incurred total expenses of TZS 5,536 million (2021: TZS 4,734 million). The total expenses was higher than the previous year's expenses by 17% due to the increase in staff cost following salary increment, bonus to staff, ICT expenses which include the penetration test exercise and increase in business development activities.

Statement of Profit or Loss and Other Comprehensive Income

During the year under review, the DSE Group recorded a profit before tax of TZS 4,536 million (2021: TZS 4,037 million) and a profit after tax of TZS 4,483 million (2021: TZS 3,997 million). The increase in profit was mainly attributed by the increase in turnover on the equity and bonds market segments as well as change in bonds transaction fee and CSDR's membership fee.

Statement of Financial Position

(i) During the year 2022, the DSE Group's Total Asset e grew to TZS 31,529 million from TZS 29,164 million in year 2021, a growth of 8%. The increase in total assets was due to the increase in the investment in the short-term deposits from the funds obtained from the operations.

(ii) During the year, the Non-current Assets decreased to TZS 13,335 million from TZS 13,460 million, while the Current Assets increased to TZS 18,194 million in year 2022 from TZS 15,704 million in year 2021, an increase of 16%. The increase in Current Assets was due to reinvestment of matured fixed deposits (principal plus interest).

(iii) The value of the Company's leasehold land and building has decreased by 27% during the year following the revaluation which was conducted in year 2022.

(iv) The value of property plant and equipment has increased by 90%, from TZS 58 million in year 2021 to TZS 110 million in year 2022, following acquisition of assets.

The DSE Group performance in relation to the budget is outlined below:

Comparison between Actual and Budget for year 2022 (TZS Million)			
	2022	2022	2021
	Actual	Budget	% of Variance
Total Income	10,071	10,550	-5%
Total Expenses	5,535	5,910	6%
Profit Before Tax	4,536	4,640	-2%
Corporate Tax	53	85	38%
Profit After Tax	4,483	4,555	-2%

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

7. FINANCIAL PERFOMANCE FOR THE YEAR (CONTINUED)

Statement of Profit or Loss and Other Comprehensive Income (Continued)

Statement of Financial Position

During the year ended 31 December 2022, the DSE Group recorded a total income of TZS 10,071 million (budget: TZS 10,550 million), the total income was less than the budget by 5% due to:

(i) Lower turnover in equity than what was projected. The actual turnover was TZS 134 billion against the budgeted turnover of TZS 186 billion (lower by 28%).

(ii) The lower amount that was realised from data vending where the actual amount collected was less by 75% i.e., TZS 74 million (budget TZS 300 million)..

During the year under review, the DSE Group incurred total expenses of TZS 5,535 million (budget: TZS 5,910 million). The expenses were lower than the budget by 6% due to efficiency in monitoring of expenses against the budget and savings realised due to decrease in the number of staff that were budgeted in year 2022.

The Group financial performance highlights from the year 2018 to year 2022

	2018	2019	2020	2021	2022
Market Closing Price	1,400	980	880	1,300	1700
Number of Shares in Issue	23,824,000	23,824,000	23,824,000	23,824,000	23,824,000

	Summary of Key Ratios					
Performance Indicator	Calculate Method	2018	2019	2020	2021	2022
Return on Equity	PAT/Equity	9%	16%	19%	15%	16%
Return on Assets	PAT/ Total Assets	8%	15%	16%	14%	14%
Cost to Income	Total cost/Total Income	71%	56%	52%	54%	55%

	Share Performance Ratio						
	Calculated Method		2018	2019	2020	2021	2022
Earnings per share	PAT/No of Shares	TZS	74	149	195	167	188
Dividend Per Share	Dividend/No of Shares	TZS	58	37	74	116	101
Dividend (Cover times)	EPS/Dividend per share	Times	1.3	4.0	2.6	1.4	1.9
Dividend Yield	Dividend Per share/ Closing Price	%	4%	3.8%	8.4%	8.9%	7.8%
Price Earnings Ratio	Closing share Price/ EPS	Times	18.9	6.5	4.5	7.8	8.8
Net asset value per share (NAV)	Net Assets/ No of shares in issue	TZS	819	926	1,046	1,096	1,181
Price to Book Value	Closing share price/ Net asset value per share	Times	1.7	1.1	0.8	1.2	1.4
Market Capitalization	Closing share price times No of shares in issue.	Millions	33,354	23,348	20,965	30,971	40,500

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

7. FINANCIAL PERFOMANCE FOR THE YEAR (CONTINUED)

Statement of Profit or Loss and Other Comprehensive Income (Continued)

Statement of Financial Position

From the above table, both returns to shareholders and assets increased from 15% and 14% to 16% and 14% respectively in year 2022. The increase has been attributed by the increase in the profitability in year 2022.

The DSE closed the year with a market stock price of TZS 1,700 compared to the last year's market stock price of TZS 1300, an increase of 30%. The increase in share price has increased the DSE market capitalization from TZS 31 billion in year 2021 to TZS 41 billion in year 2022.

Price earnings ratio increased from 7.8 in year 2021 to 8.8 in year 2022. The increase was mainly due to the increase in the market price which led to the increase in value of DSE Group by TZS 10 billion in 2022.

Statement of Cash Flows

(i) During the year, the Group had positive cash flow generated from the operating activities of TZS 1,524 million (2021: TZS 2,515 million), this was attributed by the funds collected from the outstanding receivables with customers.

(ii) The Group had also a positive cash flow from its fund generated in the investing activities of TZS 849 million (2021: TZS 134 million), this was due to the fund received from the short-term investments.

(iii) The Group used the funds that was generated from the operating and investing activities to pay for the dividends to shareholders, the net amount of outflow from the financing activities for year 2022 was TZS 2,398 million (2021: TZS 2,783 million).

8. VALUE ADDED

Value added results for the Group during the year 2022 for its operations and serving its various stakeholders are:

Details	2022	2021
Value Added	TZS' Million	TZS' Million
Income realised from Exchange operations	10,071	8,771
Value allocated to different Stakeholders		
To Human Capital		
Salaries and Wages	2,395	2,231
To Government		
Taxes to Government	1,664	1,604
To Shareholders		
Dividend to Shareholders (excluding Government)	2,038	2,366
Dividend to Government	360	417

Taxes to Governments includes PAYE, SDL, Corporate Tax, VAT and other taxes that were paid by the Group.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

9. MARKET PERFORMANCE

The Market Operation performance of the Exchange during the year 2018 to 2022 was highlighted on the table below as:

Particular		2022	2021	2020	2019	2018
Market capitalization	TZS (billions)	15,685	15,809	15,095	17,105	19,677
Domestic Market capitalization	(TZS billions)	10,280	9,426	9,162	9,011	9,696
Value of shares traded	(TZS billions)	133	104	591	625	208
Value of bonds traded	(TZS billions)	3,045	2,562	2,070	1,092	969
Value of outstanding listed bonds	(TZS billions)	17,088	15,243	12,666	10,532	9,436
All shares index	(DSEI) (Points)	1,882	1,897	1,817	2,059	2,041
Tanzania share index	(TSI) (Points)	3,889	3,565	3,485	3,431	3,691

10. INVESTMENT MANAGEMENT POLICY (TREASURY MANAGEMENT)

The Group treasury management is being guided by the Investment Management Policy. The Policy guides the management in the investment of the Group liquid asset. It further, provides the guidelines, limits, ratios and criteria for optimal utilization of the organization funds.

The Policy guides Management to invest at least 70% of its established excess funds from its operational revenue and other sources.

Currently the Group has 62% of its investment in the fixed deposits with commercial banks and 37% invested in Government Securities (Treasury-Bonds), hence credit risk is a major risk. Other risks faced by the DSE from its treasury management activities are liquidity, inflation, and market risks.

The following are mitigation measures for the above-mentioned risks that are covered under Group Investment Management Policy:

	Type of Risk	Mitigation Measure
a)	Credit Risk	DSE Investment Management Committee will ensure placement of Fixed Deposits (FDR) is made with commercial banks approved by the Board.
b)	Interest Risk	Ensure investment maturities are staggered to avoid maturities concentrations. Ensure investment allocation to investment types as prescribed by this Policy to maximize interest return. Have a portfolio diversification as prescribed by the Policy.
c)	Inflation Risk	Ensure investments are made in assets class that gives a return of 1% above inflation rate as prescribed by the Policy.
d)	Liquidity Risk	Ensure investment maturities coincide with operational and strategic cash requirement. Also ensure investment is made to commercial banks that have sufficient liquidity ratios as prescribed by the Bank of Tanzania.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

11. BUSINESS OBJECTIVES AND STRATEGIES

As per the DSE Five-Year Strategic Plan (2018 to 2022), the Exchange's vision is to be the engine that fuels and finances economic developments and a national agent of change towards achieving Frontier Market Status (FMS) by attracting capital and investment.

To maximize the shareholders values, the Exchange had set goals and strategies to deliver sustainable profitable growth and during the year, the Board has been able to achieve the below strategic objectives set out in the 2018 to 2022 Five-Year Strategic Plan:

(i) Achieved to get the Regulator's approval of the revised DSE Rules 2022;
(ii) Enhanced the capacity of compliance, and risk management unit;
(iii) Established Information Services and Training Unit to widen DSE's revenue sources;
(iv) Developed guidelines targeting listing of green and social sustainable bonds as well as sustainability financial products. The same are covered under DSE Rules 2022;
(v) Engaged potential issuers like KCB Bank Tanzania, NMB, NBC, Tanga UWASA, for listing of their corporate bonds. NMB listed a Social Bond in April 2022, NBC listed the 1st tranche of its Multi-Currency Medium Term Note Programme in December 2022; and KCB was in the final stages of listing of its Sukuk Bond.
(vi) Achieved a Return on Equity of 16% and Return on Assets of 15%.

In the year 2023, the Exchange is planning to accomplish the following strategic objectives to enhance shareholders value:

(i) Finalize preparation of the DSE Five-year strategic Plan III (2023-2027) for implementation;
(ii) Focus on the domestic buy-side by engaging with domestic Pension Funds and other potential domestic institutional investors and encourage them to increase their participation in the Market;
(iii) Increase the number of equity listings and range of other products according to customers' needs;
(iv) Continue working with Licensed Dealing Members and others to increase price discovery and liquidity;
(v) Enhance data dissemination/sales, stockbroker research, and partnership with stakeholders;
(vi) Strengthen the DSE's capabilities to deliver its mandate by focusing on improvements and operational performance;
(vii) Renew and improve IT infrastructure and processes; and
(viii) Enhance the Self-Regulatory Organization (SRO) function.

12. FUTURE PROSPECTS AND DEVELOPMENTS

DSE expects to exert more efforts on liquidity creation and or liquidity enhancement on the understanding that market liquidity is a major factor that hinders levels of development at both primary and secondary market activities. For the primary market, market illiquidity is causing high cost of capital to potential issuers, while also hindering innovation for introduction of other non-traditional products like derivatives and indexed products. The level of market liquidity is a prerequisite to any initiative on the introduction of derivatives and other products. These efforts on liquidity enhancement are expected to increase market liquidity from an average of 1.24% to 2% in year 2023. The five-year target is to reach market liquidity ratio of 5%.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

13. CORPORATE GOVERNANCE

All Board members, except the Chief Executive Officer (CEO), were Non-Executive Directors. The Directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with general accepted best practice. In so doing the Directors confirm that:

(i) The Board met regularly throughout the period;

(ii) It retained full and effective control over the Group and monitor executive management;

(iii) The positions of Chairman and Chief Executive Officer (CEO) are held by two different people; and

(iv) Board accepts and exercise responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance.

14. BOARD OF DIRECTORS OF THE EXCHANGE

The Board of Directors who held office during the period up to the date of this report were as follows:

Sal	Name	Position	Qualifications	Nationality	Age	Date Appointed	Date Resigned
Dr.	Elinami Minja	Chairman	PhD. (Economics), CPA (T), MBA, B.Com (Accounting)	Tanzanian	58	20 March 2019	-
Mr.	Deogratias Laballa	Non-Ex. Director	MA in Revenue Law and Tax Administration, B.Com (Accounting), ACPA (T)	Tanzanian	46	2 July 2019	-
Mr.	Fadhili J. Manongi	Non-Ex. Director	BA (Economics and Finance),MA-Development Economics	Tanzanian	68	11 July 2019	-
Ms	Beng'i Mazana Issa	Non-Ex. Director	ACPA, MSC. In Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian	56	9 August 2019	-
Mr.	Selestine J. Some	Non-Ex. Director	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian	46	9 August 2019	-
Dr.	Abdiel Abayo	Non-Ex. Director	PhD.(Accounting and Finance), MBA, B.Com	Tanzanian	69	9 August 2019	-
Mr.	Layson Mwanjisi	Non-Ex. Director	ACPA, MBA, B.Com (Accounting)	Tanzanian	46	9 August 2019	-
Mr.	Moremi Marwa	CEO -Executive Director	MBA (Finance), ACPA, B.Com (Accounting)	Tanzanian	46	20 May 2013	20 May 2022

The Group paid a total of TZS 159,450,000 as Directors' fees (2021: TZS 170,700,000).

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

17. MEETINGS AND ACTIVITIES OF THE BOARDS

The Board met 11 times during the period January 2022 to 31 December 2022 as indicated below

Sal	Name	25 Feb	25 April	11 May	20 May	17 June	26 Aug	14 Sept	4 Oct	29 Nov	14 Dec	21 Dec
Dr.	Elinami Minja	√	√	√	-	√	√	√	√	√	-	√
Dr.	Abdiel Abayo	√	-	√	√	√	-	√	√	√	√	√
Ms.	Beng'i Mazana Issa	√	-	-	-	√	√	√	-	√	-	√
Mr.	Deogratias Laballa	√	√	√	√	√	√	√	√	√	-	√
Mr.	Moremi Marwa	√	√	√	√	-	-	-	-	-	-	-
Mr.	Layson Mwanjisi	√	√	√	√	√	√	√	√	√	√	√
Mr.	Fadhili Manongi	√	√	√	√	√	√	√	-	√	√	√
Mr.	Selestine J. Some	-	√	√	√	-		√	-	-	√	√

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

15. MEETINGS AND ACTIVITIES OF THE BOARDS (CONTINUED)

The Board discussed and resolved matters recommended by its standing committees and provided directives to Management on operational matters. The Board is supported by the following Committees as of 31 December 2022.

(a) Listing and Trading Committee (LTC)

Sal	Name	Position	Qualifications	Nationality
Dr.	Abdiel Abayo	Chairman	PhD.(Accounting and Finance), MBA, B.Com	Tanzanian
Mr.	Selestine J. Some	Member	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian
Mr.	Mr. Layson Mwanjisi	Member	ACPA, MBA, B.COM(Accounting)	Tanzanian
Mr.	Mr. Moremi Marwa	Member	MBA, ACPA, B.Com(Accounting)	Tanzanian

The LTC Committee reports to the DSE Board. The LTC Committee met eight (8) times during the period. The committee deliberated on different applications for listing as well as applications for admission to DSE membership.

(b) Finance and Administration Committee

sal	Name	Position	Qualifications	Nationality
Ms.	Beng'i Mazana Issa	Chairperson	ACPA, MSC.-in Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian
Dr.	Abdiel Abayo	Member	PhD. (Accounting and Finance), MBA, B.Com	Tanzanian
Mr.	Selestine J. Some	Member	MBA – Finance, B.Com (Accounting), ACPA, Certified Professional Banker (CPB).	Tanzanian
Mr.	Moremi Marwa	Member	MBA, ACPA, B.Com (Accounting)	Tanzanian

The Finance and Administration Committee reports to the DSE Board. The Committee met six (6) times to discuss various administration issues and staff matters.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

15. MEETINGS AND ACTIVITIES OF THE BOARDS (CONTINUED)

(c) Audit, Risk and Compliance Committee

Sal	Name	Position	Qualifications	Nationality
Mr.	Deogratias Laballa	Chairperson	MA in Revenue Law and Tax Administration, B.Com (Accounting), ACPA	Tanzanian
Ms.	Beng'i Mazana Issa	Member	ACPA, MSC. In Financial Management, Adv. Diploma in Certified Accountancy.	Tanzanian
Mr.	Fadhili Manongi	Member	BA (Economics and Finance), MA in Development Economics	Tanzanian
Mr.	Mr. Moremi Marwa	Member	MBA, ACPA, B.Com (Accounting)	Tanzanian

The Audit, Risk and Compliance Committee reports to the Board. The ARC Committee met six (6) times during the period to discuss on various matters such as DSE Quarterly Financial Reports, Internal Audit Reports and DSE External Audit for the period ended 31 December 2022.

16. DIRECTORS EVALUATION AND TRAINING

The Board regularly undergoes self-assessment and evaluation in order to improve its internal governance.

Training is provided in order to ensure the Board keeps abreast with current developments in the market.

17. MANAGEMENT

The Management of the DSE is under the Chief Executive Officer and is composed of heads of d the following departments and units:

(i) Finance Department;
(ii) Legal and Company Secretariat Department;
(iii) Business Development Department;
(iv) Trading and Market Control Department;
(v) ICT Department;
(vi) Internal Audit Unit;
(vii) Human Resources and Administration Department;
(viii) Risk and Compliance Unit
(ix) Information Services and Training Unit.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

18. SOLVENCY / LIQUIDITY

The DSE is financed solely from its shareholder's funds and internally generated income from the operations and investments. These funds are used to run DSE's operations with a view to generate profit and distribution to shareholders in term of dividends payments. As of December 31, 2022, these stood at Issued Share Capital of TZS 9,530 million, Share Premium of TZS 1,850 million and Retained earnings of TZS 16,614 million. Financial resources are required to meet the DSE objectives that include business operation, supporting growth, business expansion and innovation.

The Board of Directors of the DSE confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Board Members consider the DSE to be solvent within the meaning ascribed by the Tanzanian Companies Act, 2002.

19. SCOPE OF BUSINESS

The DSE is a duly approved Exchange under Capital Markets and Securities Act, 1994 (Cap 79). It is a modern securities exchange providing full electronic trading, clearing and settlement of securities (shares and bonds). It is also a Self-Regulatory Organization (SRO) for the purpose for maintaining integrity of the market and plays a role of educator on matters relating to capital markets.

20. CAPITAL STRUCTURE

Dar es Salaam Stock Exchange Public Limited Company (DSE) was incorporated in 1996 under the Tanzanian Companies Act, as a body corporate (limited by guarantee). The Exchange was created, among other things, to facilitate the Government's implementation of the economic reforms and enabling the private sector to raise long term capital. DSE changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange Public Limited Company and subsequently issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016. The principal objective of the Exchange is to provide a securities market to investors who intend to invest in the listed companies.

The capital structure of the Company is outlined in Note 24.

DSE's shareholding structure as of 31 December 2022 is as below:

S/N	Shareholder	Number of Shares	Percentage of Share holding
1	The Government of Tanzania through Treasury Registrar	3,574,000	15%
2	SCB (T) NOMINEE RE SCB Mauritius A/C Briarwood Chase Management LLC A/C Briarwood Capital Partners LP	2,678,314	11%
3	BNYM RE The Miri Strategic Emerging Markets Fund LP	2,385,931	10%
4	Zanzibar Social Security Fund	2,000,000	8%
5	National Investments Company Limited	1,285,831	5%
6	General Public	11,899,944	50%
	Total	**23,824,000**	**100%**

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

21. STAKEHOLDERS RELATIONSHIP

DSE actively engages with its key stakeholder groups. In 2022 DSE signed an MOU with Certified Financial Analyst (CFA) Society of East Africa, the two institutions will be collaborating in conducting training to students and professionals who wishes to undertake CFA studies. In addition, during o the same period, DSE signed another MOU with the Chartered Institute of Securities and Investment (CISI) of the UK. The CISI's Certificate in Capital Markets is the most widely recognised and leading international qualification for professionals working in capital markets in Africa. The global portability was one for the key reasons for the African Securities Exchange Association (ASEA) adopting the CISI as a partner in 2016.

The United Nations Sustainable Stock Exchanges Initiative (UN SSE) to encourage sustainable running of stock exchanges and worked closely with Committee of SADC Stock Exchanges (CoSSE) as well as the ASEA.

During the year 2022, DSE participated in several working groups of the World Federation of Exchanges (WFE). The WFE is an organisation that influences global policies affecting the stock exchanges in the world.

22. RISK MANAGEMENT AND INTERNAL CONTROL

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

(i) The effectiveness and efficiency of operations;
(ii) The safeguarding of the Exchange's assets;
(iii) Compliance with applicable laws and regulations;
(iv) The reliability of accounting records;
(v) Business sustainability under normal as well as adverse conditions; and
(vi) 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 Exchange 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 31 December 2022 and is of the opinion that they met the accepted criteria.

The Board carries risk and internal control assessment through the Audit, Risk and Compliance Committee.

A summary of the risk management procedures is disclosed in Note 6.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

23. TECHNOLOGY AND INNOVATION

The DSE core operations has the robust ICT infrastructures that comprises the Automated Trading System (ATS), the CSD System, Registry Services System, Accounting System and the Human Resources Management System coupled with comprehensive software, hardware and disaster recovery resources.

During the year 2022, DSE was able to revamp and develop a new website. The new website contains improved features and appearance that provide more visibility of information to the investors and public at large.

24. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

DSE remain conscious of Environmental, Social and Governance issues and in so doing, the DSE partner with the other stakeholders like the WFE, UN-Women and UN Global Compact Tanzania in promoting gender equality and women empowerment in the society. In the year 2022, the DSE organized the Ringing the Bell for Gender Equality event with the theme ''Women in Leadership - Achieving an Equal Future in a Challenging World''. The event held at DSE on 8th March 2022.

25. CORPORATE SOCIAL RESPONSIBILITY

The DSE is conscious of encouraging good corporate citizenship., DSE enabled students from secondary schools, universities and other higher learning institutions to access its actual data and virtual trading platform to learn practically on how to save and invest via a Stock Exchange. The programme was executed as part of the public education campaign through the DSE Scholar Investment Challenge. The DSE also allocated its resources in building financial literacy to students and the public at large.

26. EMPLOYEES WELFARE

Health and Medical Care

The DSE provided medical insurance to its staff and their families through Strategis Insurance (Tanzania) Limited. This is a renewable one-year contract. During the period, services received from the service providers were generally satisfactory.

Pensions Contributions

The employees and employer contribute to NSSF. The Group does not contribute to any other Pension Fund.

Staff Complement

As of 31st December 2022, the DSE Group had 29 employees, out of whom 20 were male and the remaining 9 were female. Comparatively in 2021 DSE had a total 30 staff (21 male and 9 female). The number of staff decreased in year 2022 following the end of tenure of the CEO.

27. RELATED PARTY TRANSACTIONS

Details of the related party of transactions and balances are included in Note 26.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

28. RESOURCE

The Group has employees with appropriate skills and experience in running the Exchange and are a key resource available to the Exchange and these resources facilitate the enhancement of shareholders value by ensuring the organization is achieving its sets objectives both short term and long run.

29. AUDITORS

PricewaterhouseCoopers has audited the company for six years now and appointment of auditors for the year ending 31 December 2023 will be done at the Annual General Meeting.

The details address for the auditors are as set below:
PricewaterhouseCoopers, Pemba House,
369 Toure Drive, Oysterbay,
P.O. Box 45, Dar-es-Salaam, Tanzania
Telephone: +255 (22) 2192000, Fax: +255 (22) 2192200,
Email: info@pwc.co.tz, www.pwc.com/tz,
VAT Number: 10-009908-I
TIN Number: 100-212-285

30. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Company.

By Order of Those Charged with Governance

Approved by the Board of Directors on 23rd May 2023 and signed on its behalf by:

.... 02-JUNE-2023
Dr. Elinami Minja **Date**
Chairman of the Board

.... 31st May 2023
Mary Mniwasa **Date**
Acting Chief Executive Officer

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

…………………………	02-JUNE-2023 …………………………
Dr. Elinami Minja **Chairman of the Board**	**Date**
…………………………	31st May 2023 …………………………
Mary Mniwasa **Acting Chief Executive Officer**	**Date**

DECLARATION OF THE HEAD OF FINANCE

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

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

I, **Lucas Sinkala** being the Head of Finance of Dar es Salaam Stock Exchange Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 12 of 2002.

I thus confirm that the financial statements give a true and fair view of the financial performance of Dar es Salaam Stock Exchange Public Limited Company for the year ended 31 December 2022 and its financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Lucas Sinkala

Position: Finance Manager

NBAA Membership No.: ACPA 3689

Date: 31/05/2023

SUSTAINABILITY REPORT

It is the DSE's mission to lead by example through integrating sustainability into its strategic plan and ensuring that sustainable business practices are embedded into the operating and financial practices of its members through awareness and reporting. In 2016 the DSE became a Partner Exchange in the United Nations Sustainable Stock Exchanges (UN-SSE) Initiative, which among others requires stock exchanges to embrace and prioritize sustainability issues within their governance and operations.

To ensure sustainable business practices, DSE commenced the implementation of some Sustainable Development Goals (SDG's), which are applicable to stock exchanges (as recommended by the UN-SSE Initiative. The goals include SDG 5: Gender Equality; SDG 8: Decent Work and Economic Growth; SDG 12: Responsible Consumption and Production; SDG 13: Climate Action; SDG 17: Partnerships for the Goals.

In 2022, among other initiatives, the DSE pursued promotion of : mandatory reporting on environmental, social and governance practices by DSE and its Listed Companies; enhancing the capacity of Small and Medium Enterprises (SMEs) for their sustainable growth through various initiatives; creating a roadmap towards issuance of sustainability – themed financial products as a way to mitigate the impacts of climate change; gender inequality; unsustainable business practices by among others, promoting good corporate governance; and leveraging on partnerships with other capital market stakeholders.

SDG 5: Gender Equality

Gender equality makes business sense as it increases productivity and return on investment for businesses. The DSE works to ensure diversity and gender equality through promotion of equal representation of both genders in the organization; equal consideration of both genders in available positions; and having in place policies and systems that support a gender balanced environment.

As of 2022, 36% of DSE staff are female and 64% are male. At Board level 14% of Directors are female and 86% are male. The DSE has set targets to ensure that these statistics are enhanced to achieve at least 40% representation of women by 2027.

Apart from ensuring diversity within the organization, the Exchange promotes gender equality through supporting listing of gender - focused products. In 2022, DSE listed NMB Bank Jasiri Bond. The Jasiri Bond was the first ever bond targeting women empowerment. It was also the first social bond to be offered by an East Africa Financial Institution. The net proceeds from the Bond were targeted to finance micro and small medium enterprises owned or led by women and businesses whose products or services directly impact women.

In addition to the above, the DSE further ensures awareness on diversity and gender equality among its members through annual sustainability trainings and events such as the Ring the Bell for Gender Equality that is conducted annually in collaboration with UN-

SUSTAINABILITY REPORT (continued)

SDG 5: Gender Equality (Continued)

Women, UN-SSE Initiative, UN-Global Compact, and the World Federation of Exchanges (WFE). Through these initiatives, the DSE is able to communicate the importance and relevance of gender equality in business and its continuity.

The Listing ceremony of the NMB Jasiri Bond held at the DSE on 28th April 2022. The event was graced by the Deputy Permanent Secretary in the Ministry of Finance and Planning, Mr. Lawrence Mafuru.

Ring the bell for gender equality held at the DSE March 2022 themed: "Gender equality today for a sustainable tomorrow". The event was graced by the Honorable Dr. Ashatu Kijaji, Minister of Investment Industry and Trade.

SUSTAINABILITY REPORT (continued)

SDG 8: Decent Work and Economic Growth

In 2022, DSE focused on enhancing capacity of SMEs to ensure their growth and sustainable development. According to World Bank, formal SMEs contribute to at least 60% of the employment and 40% of national income (GDP) in emerging economies. However, SMEs face challenges in the access of finance. In understanding this, the DSE developed various initiatives such as DSE Enterprise Acceleration Program "DEAP", a tailor-made training program aimed at building capacity to owners and management of businesses on how to manage and run their businesses sustainably in order to attract various forms of capital finance.

The DSE also established the SMEs Acceleration Segment "ENDELEZA", a pre-IPO segment designed to enhance visibility and profile of the SMEs in order access to specialized capital raising advisory services to build capacity of the SMEs, assist the SMEs in obtaining capital and further encourage their sustainable growth.

Since the introduction of DEAP in 2020, a total of 46 SME's had been enrolled to the DEAP program; while 21 SMEs have been admitted to the ENDELEZA segment.

DSE Enterprise Acceleration Program "DEAP" panel discussions held at DSE in October 2022 during the opening of DEAP sessions for the year 2022.

SUSTAINABILITY REPORT (continued)

SDG12: Responsible consumption and production

In 2022, The Capital Markets and Securities Authorities approved the DSE Rules 2022, which among others, introduced sustainable products and made a mandatory requirement for Listed Companies to report on sustainability on an annual basis.

DSE believes that this action will ensure companies adopt and integrate sustainability into their practices and the reporting to enhance transparency and increase their ability to enhance long term value.

In building awareness towards mandatory sustainability reporting, the DSE issued ESG Reporting Guidance and conducted capacity building sessions to its stakeholders.

Further, through leading by example, the DSE published its first Sustainability Report for the SDG's implemented in the year 2021 in its Annual Audited Financial Statements for the year ended 2021.

SDG 13: Climate Action

The effects of climate change cannot be felt or resolved in isolation; it is for this reason that each stakeholder is to play an active role in reducing the impacts of climate change.

The DSE, in supporting the nation and the global community, during the year 2022 focused on creating enabling environment for sustainable financing and investment through: offering of sustainability related products such as green and sustainable bonds; identification of the potential issuers and providing ESG capacity building engagements to stakeholders. It is our belief that, the efforts towards pursuing potential issuers in listing of green bonds will materialize from this year onward.

Capacity building session to DSE stakeholders held in March 2022 in collaboration with fsdafrica and UKaid.

SUSTAINABILITY REPORT (continued)

SDG 17: Partnerships for the Goals

The DSE leverages on partnerships as key in achieving the SDGs. The DSE is a full Member to the WFE, a Partner Exchange in the UN-Sustainable Stock Exchanges Initiative, and a member of regional bodies which including the African Securities Exchanges Association (ASEA), Committee of SADC Stock Exchanges (COSSE), and the East Africa Stock Exchanges Association (EASEA).

Through these associations and partnerships, the DSE learns, share experience and engage peer exchanges in promoting sustainability finance practices.

In achieving some specific initiatives in 2022 and in promoting the implementation of relevant SDGs for exchanges and related institutions, the DSE partnered with various stakeholders which include the UN-Women, UN-SSE, UN-Global Compact, WFE, ASEA, FSD Africa and UKaid

INDEPENDENT AUDITOR'S REPORT

To the Members of Dar es Salaam Stock Exchange Public Limited Company

Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Dar es Salaam Stock Exchange Public Limited Company (the Company) and its subsidiary (together the Group) as at 31 December 2022, and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

Dar es Salaam Stock Exchange Public Limited Company's Group and Company financial statements as set out on pages 34 to 83 comprise:

- the Group and Company statements of financial position as at 31 December 2022;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Group and Company financial statements* section of our report.

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

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company financial statements of the current period. We have determined that there are no such matters to report.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Members of Dar es Salaam Stock Exchange Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement; CEO's report, The report by those charged with governance, Statement of directors' responsibilities, Declaration of head of finance and Sustainability 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.

Responsibilities of the directors for the Group and Company financial statements

The directors are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company 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 Group and Company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT (continued)

To the Members of Dar es Salaam Stock Exchange Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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, action taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Members of Dar es Salaam Stock Exchange Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Company 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.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, The report by those charged with governance is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, ACPA-PP
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date 9th June 2023

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
		2022	2021	**2022**	2021
	Notes	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Revenue from contract with customers	7	**6,715,558**	5,656,827	**5,273,447**	4,509,077
Other income	8	**193,392**	186,484	**341,173**	308,919
Administrative expenses	9	**(5,535,600)**	(4,733,624)	**(4,267,382)**	(3,667,637)
Operating profit		**1,373,350**	1,109,687	**1,347,238**	1,150,359
Finance income	10	**3,162,583**	2,927,344	**3,028,103**	2,821,223
Operating profit before tax		**4,535,933**	4,037,031	**4,375,341**	3,971,582
Income tax expense	11(a)	**(53,280)**	(39,835)	**-**	-
Net profit for the year		**4,482,653**	3,997,196	**4,375,341**	3,971,582
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Loss on revaluation		**(86,331)**	-	**(86,331)**	-
Total comprehensive income		**4,396,322**	3,997,196	**4,289,010**	3,971,582
Basic earnings per share (TZS)	28	**188.16**	167.78	**183.65**	166.71
Diluted earnings per share (TZS)	28	**188.16**	167.78	**183.65**	166.71

The notes on pages 39 to 84 are an integral part of these financial statements.

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF FINANCIAL POSITION

		Group		Company	
		2022	2021	**2022**	2021
ASSETS	**Notes**	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Non-current assets					
Property and equipment	12	**110,704**	58,183	**90,879**	43,666
Non-current prepayment	13	**2,819,584**	2,819,584	**2,819,584**	2,819,584
Intangible asset	14	**120,476**	177,345	**120,476**	170,399
Leasehold land and building	15	**234,267**	322,973	**234,267**	322,973
Investment in subsidiary	16	**-**	-	**227,867**	227,867
Government securities -	18	**9,878,294**	9,875,146	**9,878,294**	9,875,146
Loan to DSE SACCOS	19	**153,843**	199,815	**153,843**	199,815
Deferred tax asset	11(b)	**17,751**	7,233	**-**	-
		13,334,919	13,460,279	**13,525,210**	13,659,450
Current assets					
Trade and other receivables	17	**1,432,246**	1,198,271	**1,095,297**	974,712
Income tax receivables	11	**90,240**	37,513	**-**	-
Short term deposits- amortized cost	20	**16,613,943**	14,371,700	**15,539,428**	13,403,406
Cash and cash equivalents	21	**56,363**	81,355	**25,587**	35,039
Restricted bank balance	21	**958**	15,005	**958**	15,005
		18,193,750	15,703,844	**16,661,270**	14,428,162
TOTAL ASSETS		**31,528,669**	29,164,123	**30,186,480**	28,087,612
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**9,529,608**	9,529,608	**9,529,608**	9,529,608
Share premium	24	**1,850,374**	1,850,374	**1,850,374**	1,850,374
Retained earnings		**16,614,327**	14,527,663	**15,715,739**	13,736,387
Revaluation surplus		**108,229**	196,935	**108,229**	196,935
Car loan fund	22	**35,000**	35,000	**35,000**	35,000
		28,137,538	26,139,580	**27,238,950**	25,348,304
Non-current liabilities					
Capital grants	23(a)	**1,147,853**	1,202,541	**1,147,853**	1,202,541
		1,147,853	1,202,541	**1,147,853**	1,202,541
Current liabilities					
Revenue grant	23(b)	**22,985**	56,864	**22,985**	56,864
Contract liabilities	25(a)	**909,266**	909,845	**909,266**	909,845
Trade and other payables	25b)	**1,311,027**	855,293	**867,426**	570,058
Current income tax	12(a)	**-**	-	**-**	-
		2,243,278	1,822,002	**1,799,677**	1,536,767
TOTAL EQUITY AND LIABILITIES		**31,528,669**	29,164,123	**30,186,480**	28,087,612

The financial statements on page 39 to 84 were approved by the board of directors and signed on its behalf by:

Dr. Elinami Minja **Signature:**.............................. **Date:** 02-JUNE-2023
Mary Mniwasa **Signature:**.............................. **Date:** 31st May 2023

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Share premium	Car loan fund	Retained earnings	Revaluation surplus (Note 16)	Total
Year ended 31 December 2022	**(Note 24) TZS'000**	**(Note 24) TZS'000**	**(Note 22) TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
At 01 January 2022	**9,529,608**	**1,850,374**	**35,000**	**14,527,663**	**196,935**	**26,139,580**
Transaction with owners						
Dividend paid	**-**	**-**	**-**	**(2,398,364)**	**-**	**(2,398,364)**
	-	**-**	**-**	**(2,398,364)**	**-**	**(2,398,364)**
Other comprehensive income						
Profit for the period	**-**	**-**	**-**	**4,482,653**	**-**	**4,482,653**
Revaluation loss	**-**	**-**	**-**	**-**	**(86,331)**	**(86,331)**
Transfer of excess depreciation	**-**	**-**	**-**	**2,375**	**(2,375)**	**-**
Total comprehensive income	**-**	**-**	**-**	**4,485,028**	**(88,706)**	**4,396,322**
At 31 December 2022	**9,529,608**	**1,850,374**	**35,000**	**16,614,327**	**108,229**	**28,137,538**
GROUP						
At 01 January 2021	9,529,608	1,850,374	35,000	13,310,328	200,169	24,925,479
Transaction with owners						
Dividend paid	-	-	-	(2,783,095)	-	(2,783,095)
	-	-	-	(2,783,095)	-	(2,783,095)
Other comprehensive income						
Profit for the period	-	-	-	3,997,196	-	3,997,196
Transfer of excess depreciation	-	-	-	3,234	(3,234)	-
Total comprehensive income	-	-	-	4,000,430	(3,234)	3,997,196
At 31 December 2021	9,529,608	1,850,374	35,000	14,527,663	196,935	26,139,580

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CHANGES IN EQUITY (Continue)

	Share capital (Note 24) TZS'000	Share premium (Note 24) TZS'000	Car loan fund (Note 22) TZS'000	Retained earnings TZS'000	Revaluation Surplus (Note 16) TZS'000	Total TZS'000
COMPANY						
At 01 January 2022	**9,529,608**	**1,850,374**	**35,000**	**13,736,387**	**196,935**	**25,348,304**
Transactions with owners						
Dividend paid	**-**	**-**	**-**	**(2,398,364)**	**-**	**(2,398,364)**
	-	**-**	**-**	**(2,398,364)**	**-**	**(2,398,364)**
Other comprehensive income						
Profit for the year	**-**	**-**	**-**	**4,375,341**	**-**	**4,375,341**
Revaluation loss	**-**	**-**	**-**	**-**	**(86,331)**	**(86,331)**
Transfer of excess depreciation	**-**	**-**	**-**	**2,375**	**(2,375)**	**-**
Total comprehensive income	**-**	**-**	**-**	**4,377,716**	**(88,706)**	**4,289,010**
At 31 December 2022	**9,529,608**	**1,850,374**	**35,000**	**15,715,739**	**108,229**	**27,238,950**
COMPANY						
At 1 January 2021	9,529,608	1,850,374	35,000	12,544,666	200,169	24,159,817
Transactions with owners						
Dividend paid	-	-	-	(2,783,095)	-	(2,783,095)
	-	-	-	(2,783,095)	-	(2,783,095)
Other comprehensive income						
Profit for the year	-	-	-	3,971,582	-	3,971,582
	-	-	-	-	-	-
Transfer of excess depreciation	-	-	-	3,234	(3,234)	-
Total comprehensive income	-	-	-	3,974,816	(3,234)	3,971,582
At 31 December 2021	9,529,608	1,850,374	35,000	13,736,387	196,935	25,348,304

FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CASH FLOWS

		Group		Company	
		2022	2021	**2022**	2021
	Notes	**TZS'000**	TZS'000	**TZS'000**	TZS'000
OPERATING ACTIVITIES					
Profit before taxation		**4,535,933**	4,037,031	**4,375,341**	3,971,582
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation and amortisation		**120,571**	149,978	**104,903**	130,821
Amortisation of grant	23a	**(54,688)**	(54,688)	**(54,688)**	(54,688)
Amortisation of revenue grant	23b	**(33,879)**	(53,925)	**(33,879)**	(53,925)
Interest income	11	**(3,162,583)**	(2,927,344)	**(3,028,103)**	(2,821,223)
Income tax paid		**(116,525)**	(181,343)	**-**	-
Cash flows before changes in working capital items		**1,288,829**	969,709	**1,363,574**	1,172,567
Changes in working capital items:					
Trade and Other receivables		**(233,975)**	1,806,179	**(120,585)**	1,313,479
Contract liabilities		**(579)**	143,813	**(579)**	143,813
Cash held in restricted deposits	21	**14,047**	(769)	**14,047**	(769)
Trade and other payables		**455,734**	(404,288)	**297,368**	(280,615)
Net cash flows generated from operating activities		**1,524,056**	2,514,644	**1,553,825**	2,348,475
INVESTING ACTIVITIES					
Investment in short term deposits	20	**(2,242,243)**	2,274,249	**(2,136,023)**	2,669,504
Investment in government securities	18	**(3,148)**	(4,979,190)	**(3,148)**	(4,979,190)
Investment in Subsidiary	16	**-**	-	**-**	(127,867)
Loan to DSE Saccos	19	**45,972**	(56,625)	**45,972**	(56,625)
Interest received - short term deposits	11	**3,162,583**	2,927,344	**3,028,103**	2,821,223
Purchase of intangibles	15	**(16,099)**	-	**(16,099)**	-
Purchase of property and equipment	12	**(97,749)**	(32,066)	**(83,718)**	(20,308)
Net cash flows generated from /(used in) investing activities		**849,316**	133,712	**835,087**	306,737
FINANCING ACTIVITIES					
Dividend paid	27	**(2,398,364)**	(2,783,095)	**(2,398,364)**	(2,783,095)
Net cash flows used in financing activities		**(2,398,364)**	(2,783,095)	**(2,398,364)**	(2,783,095)
Net (decrease)/increase in cash and cash equivalents		**(24,992)**	(134,739)	**(9,452)**	(127,883)
Cash and cash equivalents at start of the period		**81,355**	216,094	**35,039**	162,922
Cash and cash equivalent at year end	21	**56,363**	81,355	**25,587**	35,039

The notes on pages 39 to 84 are an integral part of these financial statements

Notes

1. GENERAL INFORMATION

The Dar es Salaam Stock Exchange Public Limited Company (DSE) was incorporated in 1996 under the Tanzanian Companies Act, as a body corporate (limited by guarantee). DSE changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange Public Limited Company and issued twenty shares of a nominal value of TZS 400 each on 29th July 2015. In June 2016 DSE issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016. The principal objective of the Exchange is to provide a securities market to investors who intend to invest in the listed companies.

The Exchange assists companies to raise capital through the issuance of equities and debt securities.

The Exchange is also an instrument for use by Government privatized companies and private companies for raising capital. Under the provisions of the Capital Markets and Securities (CMS) Act, 1994 (as amended), the Capital Markets and Securities Authority regulates the Exchange. The exchange is domiciled in Tanzania and the address of its registered office is:

3rd floor, NHC Kambarage Building,

Ufukoni Street,

PO Box 70081,

Dar es Salaam.

Exchange/Company means Dar es Salaam Stock Exchange Public Limited Company as an entity and Group means the Consolidated results of the Company and its subsidiary CSD & Registry Company Limited.

2. BASIS OF PREPARATION

New standards, amendments and interpretations

a) New standards, amendments and interpretations effective and adopted during the year

A number of new standards were effective from 1 January 2022, but they did not have material effect on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standard or amendments
- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment
- Annual improvements cycle 2018 -2020
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendment to IFRS 3, 'Business combinations', Asset or liability in a business combination clarity

Notes (continued)

b) Relevant new standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

New standard or amendments	Effective for annual periods beginning on or after
- Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	1 January 2023
- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
- Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

The Group is currently evaluating the potential impact of the new standard on the Company's financial statements.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The group is currently evaluating the potential impact of the new standard on the Company's financial statements.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

The Group is currently evaluating the potential impact of the new standard on the Company's financial statements.

The amendments are not expected to have a material impact on the financial statements of the Group.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

These comprise cash on hand, deposits held on call and term deposits with an initial maturity of less than three months when entered into. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above but exclude restricted cash balances.

(b) Foreign currency transactions

Transactions in foreign currencies are initially recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

Recognition and initial measurement

All financial instruments are initially recognised at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognised when the Group becomes a party to the contractual arrangements. All regular way transactions are accounted for on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. All financial assets and liabilities are classified as amortised cost.

Financial assets

Classifications

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Financial instruments (continued)**

Financial Assets (continued)

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, financial assets are measured at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on:

- the Group's business model for managing the financial assets; and
- the cash flow characteristics of the asset

Debt Instruments

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (Continued)

Debt Instruments (continued)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ('SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies financial assets when and only when its business model for managing those assets changes

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets e.g. basic ordinary shares.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Derecognition

Financial assets

A financial asset is de-recognised where:

The rights to receive cash flows from the asset have expired; or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

(d) Leasehold land

The Group leasehold land is carried in the financial statements at fair value less accumulated amortisation. Prepaid rentals on the land are amortised on a straight-line basis over the period of the lease and the amortisation expense recognised in profit or loss.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property plant and equipment

At initial recognition, acquired property and equipment is recognised at the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. The cost of an item of property and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property and equipment, except for leasehold land and buildings, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency (after every three years) to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property plant and equipment (continued)

Depreciation

Items of property and equipment are depreciated in the year they are purchased and available for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using straight line method over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Category	Useful life
• Office furniture	4 years
• Office equipment	3-5 Years
• Power generator	4 years
• Motor vehicles	4 years
• Office partitions	4 years
• Buildings	Lower of 40 years and lease term for land
• Work in progress	Nil

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss in disposal of property and equipment is included in profit or loss in the year the asset is derecognised.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Exchange's intangible assets are amortised at rate of 25% i.e. over useful life of four years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in 'depreciation and amortisation' in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment

Non-financial assets

The carrying amounts of the Exchange's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's) value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An impairment loss in recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits

Defined contribution plans

DSE has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension schemes in force, which the Exchange contributes to, are Public service social security Fund (PSSSF) and National Security Social Fund (NSSF).

Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Exchange's costs and are not deducted from salaries of the employees.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Leave pay

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(i) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss.

(j) Revenue

Revenue is recognised when persuasive evidence exists that all of the following criteria are met:

- Identified contracts with customers;
- Identify the separate performance obligation;
- Determine the transaction price of the contract;
- Allocated the transaction price to each of the separate performance obligations; and
- Recognised the revenue as each performance obligation is satisfied

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

The Group revenue comprises listing fees, transaction fees, dividend processing fees, registry services fees, annual general meeting fees, data vending and membership fees. Group revenue is recognised on yearly basis at a point in time when it transfers control over a service to a customer for both continued listed companies and members and for new members when they join the Exchange or listed in the Exchange for the first time. Transaction fee is recognised when actual trading of shares is done. Unearned amount of revenue received for which performance obligation has not been satisfied is classified as a contract liability until such time when performance obligation is satisfied in which case it will be recognised as revenue. Revenue from dividend processing, AGM Management and registry services is measured based on the consideration specified in a contract with a customer and is being recognised when the performance obligation is satisfied by transferring a promised service to a customer.

Customer contracts across the Group contain a single performance obligation at a fixed price and they require variable consideration to be constrained or allocated to multiple performance obligations. generate fees from trades or contracts cleared and settled, compression and custody services which are recognised as revenue at a point in time when the Group meets its obligations to complete the transaction or service. In cases where the Group's performance obligations are completed over time, revenue is recognised on a straight-line basis over that period, representing the continuous transfer of services during that time. In cases where there is a fixed annual fee for a service, the revenue is recognised and billed monthly in arrears.

Listing fees

Initial listing fee is recognized in the year in which the Exchange makes the flotation. Represent one performance obligation and the Group recognises revenue from initial admissions and further issues over the period the Group provides the listing services. All admission fees are billed to the customer at the time of admission to trading and become payable when invoiced.

Transaction fees

Transaction fee is based on the percentage of the value of shares and bonds traded, the same is recognized on the dates of the transactions.

Central Securities Depository (CSD) fees

CSD fee is an annual fee paid by all brokers that trade at Dar es Salaam Stock Exchange. This fee is categorized into two types i.e. for Associate members and custodian members who pay TZS 1 million and TZS 2 million respectively. Other fees collected by the DSE/CSDR are Dividend processing fees, Transaction fees, IPO processing fees, registry services fees, AGM Management fee, data vending fees and ISIN fees.

Other operating income

Other operating income is made up of membership fees from DSE, LDM and realized listing fees from the brokers. Previously, annual membership fees were collected from members as DSE was only limited by guarantee, after self-listing this fee is no longer collected. Membership fees are recognized at fair value in the year to which they relate.

Other income

Other income comprises grant income, training income, forex gain and sundry income and are typically recognised as revenue at the point the service is rendered and becomes payable when invoiced.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Grants

Grants are recognised at their fair value where there is reasonable assurance that the grants will be received and the exchange will comply with all conditions attached to them. Grants received for capital expenditure are classified in the Statement of Financial Position while grants received for operating expenses are recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed. Grants are amortised at the rate which property and equipment acquired through the grants are depreciated.

(l) Finance income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(M) Earnings per share

Basic earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the Exchange, divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of ordinary shares outstanding during the year, including the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the period (if any).

(n) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has a) power over the investee; b) exposure, or rights, to variable returns from its involvement with the investee; and c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Consolidation (continued)

Subsidiaries (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Notes (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Consolidation (continued)

Subsidiaries (Continued)

Changes in ownership interests in subsidiaries without change of control

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of DSE.

When the group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as operating board that makes strategic decisions.

Use of Estimates, Assumptions and Judgments

The preparation of the Exchange's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods. In the process of applying the Exchange's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

Notes (continued)

4 CRITICAL ESTIMATES AND JUDGEMENT

a. Fair value of land and buildings

Fair value of the Exchange's leasehold land and building were determined using the market comparable method. The valuation was performed based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The revaluation was performed on 31 December 2022 by accredited Independent valuers with experience for valuation of similar properties in Tanzania.

b. Impairment of Accounts receivables

The group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost or fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for financial instruments for which (a) the credit risk has increased significantly since initial recognition (b) there is observable evidence of impairment (a credit impaired financial assets). If at the reporting date, the credit risk on financial assets other than trade receivables has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowances are recognised in profit or loss impairment gains or losses.

5 BUSINESS SEGMENTS INFORMATION

The Group consists of the CSDR, a subsidiary that started its operations in the fourth quarter of 2017 and is wholly owned by the Dar es Salaam Stock Exchange Public Limited Company. The operating board has determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions.

The group operates within the one geographical area, being the United Republic of Tanzania, therefore no separate geographical segments exist.

The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which it derives its revenue. Costs relating to group management are shared between Company and its subsidiary based on the agreed rates. Revenue for the entities is all derived from external customers. Revenue for DSE is majorly generated from the listing and trading of securities. The principal activity of the CSDR through which revenue is generated is, among others, to provide automated clearing, delivery and settlement facilities in respect of transactions carried out at the DSE as well as to provide Registry Services to listed and non-listed companies.

Notes (continued)

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Management has not aggregated any operating segments and considered the information relating to CSDR to be relevant and useful to users of the financial statements of the group This has been included in the business segment information.

The segment information provided by management for the reportable segments for the year ended 31 December 2022 is as follows:

Segmental statement of profit or loss

	2022				2021			
	DSE	**CSDR**	**Elimination**	**Group**	DSE	CSDR	Elimination	Group
	TZS'000	**TZS'000**		**TZS'000**	TZS'000	TZS'000	TZS'000	TZS'000
Revenue	**5,273,447**	**1,442,111**	**-**	**6,715,558**	4,509,077	1,147,750	-	5,656,827
Other income	**341,173**	**9,497**	**(157,278)**	**193,392**	308,919	19,218	(141,653)	186,484
	5,614,620	**1,451,608**	**(157,278)**	**6,908,950**	4,817,996	1,166,968	(141,653)	5,843,311
Administrative Expenses	**(4,267,382)**	**(1,425,496)**	**157,278**	**(5,535,600)**	(3,667,637)	(1,207,640)	141,653	(4,733,624)
Profit before finance income	**1,347,238**	**26,112**	**-**	**1,373,350**	1,150,359	(40,672)	-	1,109,687
Finance income	**3,028,103**	**134,480**	**-**	**3,162,583**	2,821,223	106,121	-	2,927,344
Profit before tax	**4,375,341**	**160,592**	**-**	**4,535,933**	3,971,582	65,449	-	4,037,031
Taxation	**-**	**(53,280)**	**-**	**(53,280)**	-	(39,835)	-	(39,835)
Profit for the year	**4,375,341**	**107,312**	**-**	**4,482,653**	3,971,582	25,614	-	3,997,196

Notes (continued)

5 BUSINESS SEGMENTS INFORMATION (CONTINUED)

Segmental assets, liabilities:

	2022				2021			
	DSE	CSDR	Eliminations/ Consolidation	Group	DSE	CSDR	Eliminations/ Consolidation	Group
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Non-current assets	13,297,343	37,576	-	13,334,919	13,431,583	28,696	-	13,460,279
Investment	227,867	-	(227,867)	-	227,867	-	(227,867)	-
Current assets	16,661,270	1,601,760	(69,280)	18,193,750	14,428,162	1,398,111	(122,429)	15,703,844
	30,186,480	1,639,336	(297,147)	31,528,669	28,087,612	1,426,807	(350,296)	29,164,123
Owners' equity	27,238,950	1,126,455	(227,867)	28,137,538	25,348,304	1,019,143	(227,867)	26,139,580
Non-current liabilities	1,147,853	-	-	1,147,853	1,202,541	-	-	1,202,541
Current liabilities	1,799,677	512,881	(69,280)	2,243,278	1,536,767	407,664	(122,429)	1,822,002
	30,186,480	1,639,336	(297,147)	31,528,669	28,087,612	1,426,807	(350,296)	29,164,123

Notes (continued)

6 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Credit risk

The DSE customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021	**2022**	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Trade receivables (Note 17a)	**1,196,771**	952,521	**850,177**	674,410
Other receivables (Note 17b)	**235,475**	245,750	**245,120**	300,302
Short term deposits (Note 20)	**16,613,943**	14,371,700	**15,539,428**	13,403,406
Cash and cash equivalents (Note 21)	**56,363**	81,355	**25,587**	35,039
Restricted Bank Balance (Note 21)	**958**	15,005	**958**	15,005
Loan to DSE Sacoss (Note 19b)	**153,843**	199,815	**153,843**	199,815
Government securities (Note 18)	**9,878,294**	9,875,146	**9,878,294**	9,875,146
	28,135,647	25,741,292	**26,693,407**	24,503,123

Notes (continued)

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

For trade and other receivables, the Group/Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. While cash and cash equivalents, investments in government securities and short-term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Default occurs when (a) any instalment is unpaid more than 12 months past its original due date or (b) where records show that the Obligor has suffered an Insolvency event. Further, the Group considers the following as evidence that a financial asset is credit-impaired; significant financial difficulty of the debtor, breach of contract terms, deterioration of the economic sector in which the customer is operating and when the customer is likely to undergo a major financial reorganization or enter bankruptcy.

The expected loss rates are based on historical credit losses. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables due to the fact that the relationship was not established between change in macroeconomics and expected credit losses but the group would continue to monitor the relationship in future.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for both trade receivables contract assets:

Group				-	
As at 31 December 2022	**0 to 12 months** **Performing**	**12 to 18 months** **Past due**	**19 to 24 months past due**	**Over 24 months past due**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Expected loss rate	**0%**	**20%**	**50%**	**100%**	
Gross carrying amount – trade receivables (Note 17a)	**1,155,400**	**42,421**	**14,868**	**74,377**	**1,287,066**
Loss allowance (Note 17a)	**-**	**8,483**	**7,434**	**74,378**	**90,295**
As at 31 December 2021					
Gross carrying amount – trade receivables (Note 17a)	926,885	24,732	11,698	52,492	1,015,807
Loss allowance (Note 17a)	-	4,945	5,849	52,492	63,286

Notes (continued)

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (continued)

As at 31 December 2022	**0 to 12 months**	**12 to 18 months**	**19 to 24 months**	**Over 24 months**	**Total**
Company	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Expected loss rate	**0%**	**20%**	**50%**	**100%**	**Total**
Gross carrying amount – trade receivables (Note 17a)	**842,422**	**7,398**	**3,672**	**29,428**	**882,920**
Loss allowance (Note 17a)	**-**	**1,479**	**1,836**	**29,428**	**32,743**
As at 31 December 2021					
Gross carrying amount – trade receivables (Note 17a)	660,873	15,671	2,000	29,450	707,994
Loss allowance (Note 17a)	-	3,133	1,000	29,451	33,584

Movement of the loss allowance is as shown below:

	Group	Company
	TZS'000	TZS'000
Year ended 31 December 2022		
Opening Balance	**63,286**	33,585
Charge/(Release) during the year	**27,008**	(842)
Expected credit loss at 31 December 2022	**90,294**	32,743
Year ended 31 December 2021		
Opening balance	76,618	41,905
Release during the year	(13,332)	(8,320)
Expected credit loss at 31 December 2021	63,286	33,585

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 2 Years past due.

Notes (continued)

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk

Liquidity risk is the risk that the DSE will not be able to meet its financial obligations as they fall due. The DSE's approach in managing liquidity ensures as far as possible, it always has sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The DSE ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below analyses the group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the statement of financial position. The amounts disclosed in the table below are the contractual undiscounted cash flows

Group	**Less than 1 year**
At 31 December 2022:	**TZS'000**
Trade and other payables	**860,536**
At 31 December 2021:	
Trade and other payables	791,610
	791,610
Company	
At 31 December 2022	
Trade and other payables	**613,997**
At 31 December 2021:	
Trade and other payables	563,006

Trade and other payables excludes the payables that related to statutory payments

Notes (continued)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

i. Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. At the reporting date, the Group did not have significant assets and/or liabilities denominated in foreign currency, therefore the impact of sensitivity analysis is not material.

The Group agree predetermined exchange rates with suppliers denominated in foreign currency and use the same to record and settle the outstanding amounts. Consequently expected impacts on exchange rate movements are eliminated. At the year-end there was no that commitment.

ii. Interest rate risk

Interest rate risk is the risk that the DSE being exposed to gains or losses on fluctuations of interest in the market. The DSE exposure on interest rates fluctuations is mainly on its investment in short term securities and external funding or debt instruments. This is mitigated by DSE management through regular review on interest rates movement in money market and hence shifting funds from Treasury bonds to Fixed deposits and vice versa.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount			
	2022	2021	**2022**	2021
	Group	Group	**Company**	Company
Fixed rate instruments: Financial assets	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Short term deposits	**16,613,943**	14,371,700	**15,539,428**	13,403,406
Government securities	**9,878,294**	9,875,146	**9,878,294**	9,875,146
Loan to DSE Saccos	**153,843**	199,815	**153,843**	199,815
	26,646,080	24,446,661	**25,571,565**	23,478,367

Notes (continued)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate Sensitivity

The interest-bearing financial instruments are held at fixed rates; hence forth the company is not exposed to cash flow sensitivity. In addition, the fixed rates are mostly at market rates and do not deviate significantly. Exposure to fair value is minimal.

d. Capital risk management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market and to sustain future development of the business. Capital consists of total equity

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. The company had no borrowing for the period ended December 2022.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio: Net debt Divided by Total 'equity' (as shown in the statement of financial position). As at 31 December 2022 the Group was not geared.

e. Fair value measurement

The group neither account for any fixed rate financial assets and liabilities at fair value nor financial assets and liabilities are remeasured at fair value thus sensitivity to changes in interest rate is not considered relevant. Further, the exchange instruments are invested with counterparties at the prevailing market rates, which do not have any significant changes.

21. Fair value measurement

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements

(i) Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The Company have no financial instruments under level 1.

(ii) Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The Group has government bonds under this category.

(iii) Level 3: Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

Notes (continued)

FINANCIAL RISK MANAGEMENT (CONTINUED)

e. Fair value measurement (Continued)

	Amortised cost	Level I	Level 2	Level 3	Total
Group					
As at 31 December 2022					
Financial assets not measured at fair value	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade receivables	1,196,771	-	-	1,196,771	1,196,771
Other receivables	133,473	-	-	133,473	133,473
Government securities	9,878,294	-	9,878,294	-	9,878,294
Loan to DSE Saccos	153,843	-	-	153,843	153,843
Short term deposits	16,613,943	-	-	16,613,943	16,613,943
Cash and cash equivalents	56,363	-	-	56,363	56,363
Restricted bank balance	958	-	-	958	958
	28,033,645	-	9,878,294	18,155,351	28,033,645
Financial liabilities not measured at fair value					
Trade and other payables	1,187,884	-	-	1,187,884	1,187,884
	1,187,884	-	-	1,187,884	1,187,884
Company					
Financial assets not measured at fair value					
Trade receivables	850,177	-	-	850,177	850,177
Other receivables	156,599	-	-	156,599	156,599
Government securities	9,878,294	-	9,878,294	-	9,878,294
Loan to DSE Saccos	153,843	-	-	153,843	153,843
Short term deposits	15,539,428	-	-	15,539,428	15,539,428
Cash and cash equivalents	25,587	-	-	25,587	25,587
Restricted bank balance	958	-	-	958	958
	26,604,886	-	9,878,294	16,726,592	26,604,886
Financial liabilities not measured at fair value					
Trade and other payables	744,283	-	-	744,283	744,283
	744,283	-	-	744,283	744,283

Notes (continued)

FINANCIAL RISK MANAGEMENT (CONTINUED)

e. Fair value measurement (Continued)

Group

As at 31 December 2021	Amortised cost	Level I	Level 2	Level 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Financial assets not measured at fair value					
Trade receivables	952,521	-	-	952,521	952,521
Other receivables	33,943	-	-	33,943	33,943
Government securities	9,875,146	-	9,875,146	-	9,875,146
Loan to DSE Saccos	199,815	-	-	199,815	199,815
Short term deposits	14,371,700	-	-	14,371,700	14,371,700
Cash and cash equivalents	81,355	-	-	81,355	81,355
Restricted bank balance	15,005	-	-	15,005	15,005
	25,529,485	-	9,875,146	15,654,339	25,529,485
Financial liabilities not measured at fair value					
Trade and other payables	791,610	-	-	791,610	791,610
	791,610	-	-	791,610	791,610
Company					
As at 31 December 2021					
Financial assets not measured at fair value					
Trade receivables	674,410	-	-	674,410	674,410
Other receivables	33,815	-	-	33,815	33,815
Government securities	9,875,146	-	9,875,146	-	9,875,146
Loan to DSE Saccos	199,815	-	-	199,815	199,815
Short term deposits	13,403,406	-	-	13,403,406	13,403,406
Cash and cash equivalents	35,039	-	-	35,039	35,039
Restricted bank balance	15,005	-	-	15,005	15,005
	24,236,636	-	9,875,146	14,361,490	24,236,636
Financial liabilities not measured at fair value					
Trade and other payables	563,006	-	-	563,006	563,006
	563,006	-	-	563,006	563,006

Notes (continued)

7. REVENUE FROM CONTRACT WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of services at a point in time in the following major service line.

Revenues from external customers come from the Listings fees that includes; the listing fee on (equity, corporate bonds, government bonds), it also includes revenues from Transactions fees on equities and bonds, Registry services, dividend processing fees, Data vending and AGM management.

	2022	2021	**2022**	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Listing fees				
Equity	**400,580**	372,381	**400,580**	372,381
Government bonds	**3,381,844**	3,201,494	**3,381,844**	3,201,495
Corporate bonds	**67,489**	21,500	**67,489**	21,500
	3,849,913	3,595,375	**3,849,913**	3,595,376
Transaction fees				
Equity	**376,871**	276,267	**376,871**	276,267
Bonds	**806,208**	482,299	**806,208**	482,299
	1,183,079	758,566	**1,183,079**	758,566
Central Securities Depository (CSD) fees				
Annual membership fees	**69,860**	35,500	**-**	-
Membership application Fee	**7,000**	3,500	**-**	-
Transaction fees equity	**160,314**	125,182	**-**	-
CSD amendment fee	**11,138**	15,017	**-**	-
CSD bond trading fees	**487,523**	356,533	**-**	-
Dividend processing income	**216,552**	195,140	**-**	-
IPO processing fees	**50,486**	26,169	**-**	-
Registry services (IPO)	**116,000**	121,120	**-**	-
Data vending	**3,600**	100	**-**	-
AGM management fee	**108,388**	61,792	**-**	-
International Securities Identification Number (ISIN)	**9,750**	12,697	**-**	-
Register annual maintenance fee	**201,500**	195,000	**-**	-
	1,442,111	1,147,750	**-**	-

Notes (continued)

7. REVENUE FROM CONTRACT WITH CUSTOMERS (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

Other operating income				
Data vending historical	**69,327**	50,380	**69,327**	50,380
Data vending end of day	**4,400**	9,000	**4,400**	9,000
Data vending real time	**-**	36,756	**-**	36,755
Licenced Dealing Member (LDM) membership fees & NOMADS	**33,000**	24,000	**33,000**	24,000
Listing income realized	**79,852**	35,000	**79,852**	35,000
Infrastructure support fee	**53,876**	-	**53,876**	-
	240,455	155,136	**240,455**	155,135
	6,715,558	5,656,827	**5,273,447**	4,509,077

Revenues of approximately TZS 3,382 million (2021–TZS 3,201 million) on listing of government bonds are derived from single external customer (Government) and around TZS 1,183 million (2021 TZS 759 million) are derived from transactions fees on equities and bonds from different customers. Also listing fees for equity amounted to TZS 401 million (2021 – TZS 372million).

(b) Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	2022	2021	**2022**	2021
	Group	Group	**Company**	Company
Contract assets	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Trade receivables (Note 17a)	**1,287,066**	1,015,808	**882,920**	707,995
Less: Loss allowances	**(90,295)**	(63,287)	**(32,743)**	(33,585)
Total Contract Assets	**1,196,771**	952,521	**850,177**	674,410
Contract liabilities				
-Listing fee from Corporate entities (Note 25)	**-**	95,476	**-**	95,476
Listing from Government bonds	**909,266**	814,369	**909,266**	814,369
Total Contract liabilities	**909,266**	909,845	**909,266**	909,845

Notes (continued)

	2022 Group TZS'000	2021 Group	2022 Company TZS'000	2021 Company TZS'000
8 OTHER INCOME				
Amortization of revenue grant (Note 23(b))	**33,879**	53,925	**33,879**	53,925
Training income	**81,584**	15,657	**81,584**	15,657
Management fee from shared human resource services	**-**	-	**157,278**	141,653
Gain/(loss) on exchange of foreign currency	**302**	(241)	**302**	(241)
Amortization of capital grant (Note 23(a))	**54,688**	54,688	**54,688**	54,688
Miscellaneous income	**22,939**	62,455	**13,442**	43,237
	193,392	186,484	**341,173**	308,919

(i) Grants from Donors relating to the purchase of in tangibles assets, property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Grant that are not relating to the purchase of assets are amortized in the statement of profit or loss following the pattern of expenses in the relevant periods.

9 ADMINISTRATIVE EXPENSES

a **STAFF COSTS**	2022 Group	2021 Group	2022 Company	2021 Company
Salary and wages	**2,395,634**	2,230,719	**1,822,331**	1,720,325
Bonus	**123,143**	-	**123,143**	-
Skills and development levy	**66,556**	80,722	**66,556**	68,813
Employer contribution to pension funds (defined contribution plan)	**544,710**	286,175	**413,408**	224,611
Leave cost	**157,465**	155,325	**119,720**	121,277
Medical expenses	**145,399**	128,513	**109,580**	102,456
Life Insurance Expenses	**14,721**	-	**11,015**	-
Training and workshops	**52,436**	53,605	**50,386**	45,780
Other staff cost; special, acting and furniture allowances	**84,842**	83,240	**66,985**	63,215
Extra Responsibility Allowances	**5,938**	-	**5,938**	-
Workers' Compensation Fund	**13,157**	17,892	**10,004**	13,809
Fuel allowance	**139,084**	97,689	**106,099**	77,780
Long Service & Golden Handshake expenses	**11,994**	11,994	**11,994**	11,994
	3,755,079	3,145,874	**2,917,159**	2,450,060

Notes (continued)

		2022 Group	2021 Group	2022 Company	2021 Company
9	**ADMINISTRATIVE EXPENSES (CONTINUED)**				
		TZS'000	TZS'000	**TZS'000**	TZS'000
b	**Information technology costs**				
	Disaster Recovery site (DRS) running costs	**59,756**	46,435	**52,300**	40,518
	Automatic Trading System (ATS) license fee	**153,340**	127,320	**128,368**	108,542
	IT Expenses	**150,464**	98,887	**116,768**	70,818
		363,560	272,642	**297,436**	219,878
c	**Operating Expenses**				
	Dividend processing costs	**150,345**	114,868	**50,584**	39,574
	Public education and business development costs	**155,904**	91,063	**127,637**	78,050
	Subscriptions, tenders and newspapers,	**109,315**	132,014	**92,567**	102,227
	CMSA regulatory fee	**61,013**	53,444	**48,422**	44,500
	Regional integration	**30,094**	-	**30,094**	-
	Directors' fee	**159,450**	170,700	**118,250**	129,500
	Telephone, internet and courier cost	**73,388**	74,797	**55,183**	56,864
	Amortisation of donor grant	**33,879**	53,925	**33,879**	53,925
	Electricity and security cost	**31,334**	30,000	**27,417**	26,250
	Fuel expenses	**16,912**	19,502	**16,912**	19,502
	Board expenses	**50,427**	42,407	**32,130**	27,604
	NIDA Data sharing expenses	**5,960**	12,220	**5,960**	12,220
	DATS training	**35,510**	7,864	**35,510**	7,864
	Depreciation and amortisation	**120,571**	149,978	**104,903**	130,822
	Expected Credit losses	**27,008**	(13,332)	**(842)**	(8,320)
		1,061,110	939,450	**778,606**	720,582
d	**Other expenses**				
	CSD certificates-SMS Bundle, business license and DTB	**31,417**	23,677	**19,520**	17,172
	Bank charges and insurance	**14,175**	13,625	**11,336**	10,570
	Office cleaning, parking and recreations	**69,566**	55,468	**54,635**	43,614
	CSD IPO processing expenses	**3,225**	1,630	**-**	-
	Other administrative costs	**26,400**	34,768	**594**	42,806
	Corporate Social Responsibility	**8,550**	51,513	**8,550**	51,513
	Consultancy fee	**73,438**	16,510	**66,125**	8,424
	Services Levy	**15,123**	12,672	**12,570**	4,479
	VAT Tax expense	**-**	53,934	**-**	-
	System Inter-Link Expenses	**-**	1,150	**-**	-
	Stationery and consumables	**24,568**	16,741	**20,837**	13,946
	Repair and maintenance	**14,389**	18,970	**14,389**	18,970
	Audit fee	**75,000**	75,000	**65,625**	65,624
		355,851	375,658	**274,181**	277,118
	Grand Total (a+b+c+d)	**5,535,600**	4,733,624	**4,267,382**	3,667,638

Notes (continued)

10 FINANCE INCOME

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Interest income from financial assets	**3,162,583**	2,927,344	**3,028,103**	2,821,223

11 TAXATION

(a) Income tax expense

	2022 Group TZS'000	2021 Group TZS'000	2022 Company TZS'000	2021 Company TZS'000
Current income tax charge	**63,798**	38,861	**-**	-
Deferred income tax (credit)/charge	**(10,518)**	974	**-**	-
Total	**53,280**	39,835	**-**	-

The exchange is tax exempt as per second schedule of income tax act of 2019. Dar es Salaam Stock

Exchange Public Limited Company has a wholly own subsidiary CSD & Registry Company Limited that is not exempt from income tax. The following is reconciliation between expected tax based on profit before tax and assessed

income tax expense:

	2022	2021	2022	2021
Effective tax rate reconciliation	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Profit before income tax	**4,535,933**	4,037,031	**4,375,341**	3,971,582
Tax calculated at a tax rate of 30 %	**1,360,780**	1,211,110	**1,312,602**	1,191,475
Tax effect of:				
Expenses not deductible for tax purposes	**5,102**	20,200	**-**	-
Income not subject to tax	**(1,312,602)**	(1,191,475)	**(1,312,602)**	(1,191,475)
Income tax expense	**53,280**	39,835	-	-
Current income tax Receivable				
Opening balance	**(37,513)**	104,969	-	-
Charge during the year	**63,798**	38,861	-	-
Income tax paid	**(116,525)**	(181,343)	-	-
Closing balance	**(90,240)**	(37,513)	-	-

Notes (continued)

11 TAXATION (CONTINUED)

(b) Deferred tax asset

Deferred income tax asset is calculated, using the enacted income tax of 30% (2019: 30%). The movement on the deferred income tax account is as follows:

	2022	2021	2022	2021
	TZS' 000	TZS' 000	TZS'000	TZS'000
At start of year	7,233	8,207	-	-
Credit/(charge) to profit or loss	10,518	(974)	-	-
At end of year	17,751	7,233	-	--
DEFERRED TAX ASSET COMPOSITION				
Provisions	17,267	8,913	-	-
Property and equipment	484	(1,680)	-	-
Net deferred tax asset	17,751	7,233	-	-

Notes (continued)

12 PROPERTY AND EQUIPMENT

GROUP

	Office Equipment	Office Furniture	Power Generator	Motor Vehicles	Office Partition	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost						
At 1st January 2021	**1,193,525**	**90,589**	**39,115**	**283,573**	**168,887**	**1,775,689**
Additions	28,182	3,884	-	-	-	32,066
At 31 December 2021	**1,221,707**	**94,473**	**39,115**	**283,573**	**168,887**	**1,807,755**
At 1st January 2022	**1,221,707**	**94,473**	**39,115**	**283,573**	**168,887**	**1,807,755**
Additions	92,500	5,249	-	-	-	97,749
At 31 December 2022	**1,314,207**	**99,722**	**39,115**	**283,573**	**168,887**	**1,905,504**
Accumulated depreciation						
At 01 January 2021	**1,142,134**	**79,552**	**39,115**	**259,941**	**168,887**	**1,689,629**
Charge during the year	**30,873**	**5,438**	**-**	**23,632**	**-**	**59,943**
At 31 December 2021	**1,173,007**	**84,990**	**39,115**	**283,573**	**168,887**	**1,749,572**
At 01 January 2022	1,173,007	84,990	39,115	283,573	168,887	1,749,572
Charge during the year	40,521	4,707	-	-	-	45,228
At 31 December 2022	**1,213,528**	**89,697**	**39,115**	**283,573**	**168,887**	**1,794,800**
Carrying amount						
At 31 December 2022	**100,679**	**10,025**	**-**	**-**	**-**	**110,704**
At 30 December 2021	48,700	9,483	-	-	-	58,183

Notes (continued)

12 PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

	Office Equipment TZS'000	Office Furniture TZS'000	Power Generator TZS'000	Motor Vehicles TZS'000	Office Partition TZS'000	Total TZS'000
Cost						
At 01 January 2021	1,181,761	83,156	39,115	283,573	168,887	1,756,492
Additions	17,238	3,070	-	-	-	20,308
At 31 December 2021	**1,198,999**	**86,226**	**39,115**	**283,573**	**168,887**	**1,776,800**
At 01 January 2022	**1,198,999**	**86,226**	**39,115**	**283,573**	**168,887**	**1,776,800**
Additions	80,662	3,057	-	-	-	83,719
At 31 December 2022	**1,279,661**	**89,283**	**39,115**	**283,573**	**168,887**	**1,860,519**
Accumulated Depreciation						
At 01 January 2021	1,137,297	75,201	39,115	259,941	168,887	1,680,441
Charge during the year	25,647	3,414	-	23,632	-	52,693
At 31 December 2021	**1,162,944**	**78,615**	**39,115**	**283,573**	**168,887**	**1,733,134**
At 01 January 2022	**1,162,944**	**78,615**	**39,115**	**283,573**	**168,887**	**1,733,134**
Charge during the year	33,529	2,977	-	-	-	36,506
At 31 December 2022	**1,196,473**	**81,592**	**39,115**	**283,573**	**168,887**	**1,769,640**
Carrying amount						
At 31 December 2022	**83,188**	**7,691**	**-**	**-**	**-**	**90,879**
At 31 December 2021	36,055	7,611	-	-	-	43,666

Notes (continued)

13 NON-CURRENT PREPAYMENT

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Opening balance of the prepayment	**2,819,584**	2,819,584	**2,819,584**	2,819,584
	2,819,584	2,819,584	**2,819,584**	2,819,584

The non-current prepayment is related to the purchase of office space measuring approximately nine hundred and six decimal one four square metres (906.14 sqm) being part of a building constructed by the National Housing Corporation (NHC) on Plot Numbers 1-3, Mwai Kibaki Road (famously referred to as NHC's Morroco Square project) and Plot Number 44 Ursino Street, Real Estate - Kinondoni Municipality, Dar es salaam.

During the period, DSE has not paid additional payment to NHC and as of now DSE has already paid a sum of TZS 2,820 million which is 60% of the agreed purchase price. Once construction work is completed and all payment instalments made by the DSE to NHC, the amount will be recognised as property, plant and equipment.

14 INTANGIBLE ASSET

Intangible asset relates to software used by DSE on day to day operations. This consists of Automated Trading System (ATS), Central Securities Depository (CSD), Arute system (HRM system), Mobile Trading Platform (MTP) and Sage Accounting and Payroll software, whose movement was as follows:

	2022	**2021**	**2022**	**2021**
	Group	Group	**Company**	Company
Cost	**TZS'000**	TZS'000	**TZS'000**	TZS'000
At start of the year	**1,591,163**	1,591,163	**1,543,535**	1,543,535
Additions	**16,099**	-	**16,099**	-
At end of the year	**1,607,262**	1,591,163	**1,559,634**	1,543,535
Accumulated amortisation				
At start of the year	**1,413,818**	1,327,796	**1,373,136**	1,299,020
Charge during the year	**72,968**	86,022	**66,022**	74,116
At end of the year	**1,486,786**	**1,413,818**	**1,439,158**	**1,373,136**
Net carrying amount				
At 31 December 2022	**120,476**	177,345	**120,476**	170,399
At 31 December 2021	**177,345**	**177,345**	**170,399**	**170,399**

Notes (continued)

15 LEASEHOLD LAND AND BUILDING

Cost	Leasehold Land TZS'000	Building TZS'000	Total TZS'000
At 01 January 2021	251,979	129,352	381,331
At 31 December 2021	251,979	129,352	381,331
At 01 January 2022	251,979	129,352	381,331
Revaluation loss	(51,979)	(34,352)	(86,331)
At 31 December 2022	**200,000**	**95,000**	**295,000**
Accumulated depreciation			
At 01 January 2021	30,979	23,366	54,345
Charge during the period	-	4,013	4,013
At 31 December 2021	30,979	27,379	58,358
At 01 January 2022	30,979	27,379	58,358
Charge during the period	-	2,375	2,375
At 31 December 2022	**30,979**	**29,754**	**60,733**
Carrying amount			
At 30 December 2022 (Group/Company)	**169,021**	**65,246**	**234,267**
At 30 December 2020 (Group/Company)	221,000	101,973	322,973

If leasehold land was measured using the cost model, the carrying amounts would be, as follows:

	2022 TZS'000	2021 TZS'000
Cost	41,603	41,603
Accumulated depreciation	-	-
Net carrying amount	41,603	41,603

Leasehold land was acquired from National Insurance Company Limited. The Exchange's leasehold land and buildings comprise residential properties located at Plot No. 109-1 Kingalu road in Morogoro. Land and buildings are measured at fair value based on valuations by external independent valuers, Majengo Estates developer (registered valuers and estate agents of Dar es Salaam Tanzania) carried out in December 2022 less subsequent amortisation and depreciation for land and buildings respectively.

Leasehold land has been used to erect the building in conformity to the Morogoro Municipal Council plans. DSE has the right to renew occupancy of the leasehold land from the Government of United Republic of Tanzania after the end of lease term of 99 years from 1 January 1975.

Notes (continued)

15 . LEASEHOLD LAND AND BUILDING (CONTINUED)

If buildings were measured using the cost model, the carrying amount would be, as follows:

	2022	2021
	TZS'000	TZS'000
Cost	**103,331**	103,331
Accumulated depreciation	**(19,303)**	(16,720)
Net carrying amount	**84,028**	86,611

Key inputs to valuation of land and buildings

	Significant inputs	Range (weighted average)
Buildings	Estimated rental value per square meter per month	TZS 8,000 to TZS 12,000 (Average of TZS 10,000)
	Rent growth per annum	0% - 5% (Average of 2.5%)
Leasehold Land Selling price per square meter		TZS 90,000
Valuation techniques for the Exchange's properties:		
Buildings	Buildings, structures and services were valued using comparative method, also referred to as the Direct Capital Comparison Approach.	
Leasehold Land	Leasehold land was valued using market approach	

The valuations for the leasehold land and buildings are classified into level 3 hierarchy since the significant inputs into the valuations are the open market prices for buildings in the same location and these are observable, either directly or indirectly from the market. There have been no transfers into or out of this fair value hierarchy.

Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on the information available in the market, significantly adjusted for differences in the nature, location or condition of the specific property, as at the date of revaluation on 31st December 2022, the properties' fair values are based on valuations performed by an accredited independent valuer who has valuation experience for similar office properties in Tanzania since 2006. The directors believed that the valuations performed in year 2019 does not reflect the current market conditions and prices hence in year 2022 revaluation was performed to reflect the changes in the market prices, conditions and nature of land and building.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Leasehold land was acquired from National Insurance Company Ltd with the remaining period of 52 years.

Notes (continued)

16 INVESTMENT IN SUBSIDIARY

In the year 2017, the Company invested TZS 100 million in a wholly owned subsidiary and in year 2021 the Company invested additional 127 million to make a total investment of TZS 227 million. The group's principal subsidiary at 31 December 2022 is set out below. Unless otherwise stated, it has share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also the principal place of the subsidiary business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2022	2021	2022	2021	
		%	%	%	%	
CSDR	United Republic of Tanzania	100	100	-	-	Clearance and settlement of securities and custody of security services.

Below is the summary of the total amount invested in the subsidiary by the DSE Company

	2022 TZS '000	2021 TZS'000
Investment in the subsidiary		
Opening Balance	**227,867**	100,000
Additional investment during the year	**-**	127,867
Closing balance	**227,867**	227,867

Below is the summary of the subsidiary results and financial position

	2022 TZS '000	2021 TZS'000
Statement of financial position		
Total assets	**1,639,336**	1,426,807
Total liabilities	**(512,881)**	(407,664)
Net assets	**1,126,455**	1,019,143
Statement of profit or loss and other comprehensive income		
Gross income	**1,586,088**	1,273,089
Total expenses	**(1,425,495)**	(1,207,640)
Profit before tax	**160,593**	65,499

Notes (continued)

17 TRADE AND OTHER RECEIVABLE

17a TRADE RECEIVABLES

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS,000
Listing fee receivables	**708,193**	508,282	**708,194**	508,282
Transaction fee receivables	**578,873**	507,525	**174,726**	199,712
Gross Receivables	**1,287,066**	1,015,807	**882,920**	707,994
Loss allowance (see note 6(a))	**(90,295)**	(63,286)	**(32,743)**	(33,584)
	1,196,771	952,521	**850,177**	674,410

17b OTHER RECEIVABLES

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS,000
Staff car loans receivables	**42,963**	33,815	**42,963**	33,815
Staff advances	**1,542**	128	**-**	-
Prepaid expenses	**102,002**	165,678	**79,621**	136,702
other receivables	**88,968**	46,129	**53,256**	7,356
Due from related parties	**-**	-	**69,280**	122,429
	235,475	245,750	**245,120**	300,302
Total Trade and Other receivables	**1,432,246**	1,198,271	**1,095,297**	974,712

18 GOVERNMENT SECURITIES AT AMORTISED COST

These are Treasury bonds held at Bank of Tanzania

	2022	2021	2022	2021
	Group	Group	**Company**	Company
At amortised cost	**TZS'000**	TZS'000	**TZS'000**	TZS,000
Treasury bond	**9,878,294**	9,875,146	**9,878,294**	9,875,146
	9,878,294	9,875,146	**9,878,294**	9,875,146

Notes (continued)

These are the amount held in T-Bonds for different type of bonds

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS,000
15 years Treasury Bonds	**515,971**	515,648	**515,971**	515,648
15 years Treasury Bonds	**508,823**	508,186	**508,823**	508,186
15 years Treasury Bonds	**1,375,008**	1,375,008	**1,375,008**	1,375,008
15 years Treasury Bonds	**1,675,748**	1,675,748	**1,675,748**	1,675,748
20 years Treasury Bonds	**1,835,734**	1,833,546	**1,835,734**	1,833,546
20 years Treasury Bonds	**2,033,951**	2,033,951	**2,033,951**	2,033,951
20 years Treasury Bonds	**1,933,059**	1,933,059	**1,933,059**	1,933,059
	9,878,294	9,875,146	**9,878,294**	9,875,146

All Treasury bonds have original maturities of more than 15 years but less than 25 year.

The Coupon rate and maturity date on Government securities as at 31 December 2022 and 31 December 2021 are shown below:

	2022		2021	
Treasury Bonds Summary	**Coupon Rate**	**Maturity date**	Coupon Rate	Maturity date
15 years Treasury Bonds	**13.50%**	**27-Feb-35**	13.50%	27-Feb-35
15 years Treasury Bonds	**13.50%**	**27-Feb-35**	13.50%	27-Feb-35
15 years Treasury Bonds	**13.50%**	**29-Jan-36**	13.50%	29-Jan-36
15 years Treasury Bonds	**13.50%**	**25-Feb-36**	13.50%	25-Feb-36
20 years Treasury Bonds	**15.49%**	**22-Apr-40**	15.49%	22-Apr-40
20 years Treasury Bonds	**15.49%**	**21-May-40**	15.49%	21-May-40
20 years Treasury Bonds	**15.49%**	**20-May-41**	15.49%	20-May-41

19 LOAN TO DSE SACCOSS

	2022	2021	2022	2021
	Group	Group	**Company**	Company
Loan to DSE Saccos*	**TZS'000**	TZS'000	**TZS'000**	TZS'000
Opening Balance	**199,815**	143,190	**199,815**	143,190
Loan issued during the year	**-**	100,000	**-**	100,000
Interest income Receivable	**-**	8,014	**-**	8,014
Principal repayment	**(45,972)**	(43,375)	**(45,972)**	(43,375)
Interest received during the year	**-**	(8,014)	**-**	(8,014)
Closing Balance	**153,843**	199,815	**153,843**	199,815

**Relates to the money loaned by DSE Public Limited Company to employees Saccos a legal entity owned by employees. The loan accrues interest at the reducing balance rate of 4% per annum and is for period of 5 Years and repayment is on monthly basis. DSE Public Limited Company has no control over this Saccos.*

Notes (continued)

20 SHORT TERM DEPOSITS

	2022 Group TZS'000	2021 Group TZS'000	2022 Company TZS'000	2021 Company TZS'000
These are fixed deposits with various Financial institutions.				
The short-term deposits are held at the following institutions:				
Equity Bank Tanzania Limited	3,474,947	3,100,536	3,474,947	3,100,536
Tanzania Commercial Bank Public Limited Company	2,619,834	950,679	2,619,834	950,679
Akiba Commercial Bank	1,611,658	-	1,611,658	-
CRDB Bank Plc	797,877		797,877	-
DCB Bank Public Limited Company	1,048,493	510,192	1,048,493	510,192
UBA Bank Tanzania Ltd	358,954	1,821,776	-	1,493,892
Azania Bank Limited	4,345,660	4,380,667	3,630,099	3,740,257
Bank of Africa Tanzania Limited	2,356,520	2,100,685	2,356,520	2,100,685
KCB Bank Tanzania Limited	-	1,507,165	-	1,507,165
	16,613,943	14,371,700	15,539,428	13,403,406

All short-term deposits have original maturities of more than 3 months but less than one year.
The effective interest rate and maturity date on short term deposits as at 31 December 2022 and 31 December 2021 are shown below:

	2022		2021	
FDR Summary	**Effective interest rate per annum**	**Maturity date**	Effective interest rate per annum	Maturity date
Equity Bank Tanzania Limited	12.00%	27-Apr-23	12.50%	24-Apr-22
Tanzania Commercial Bank Plc	11.50%	-	-	-
Tanzania Commercial Bank Plc	11.00%	21-Jan-23	11.00%	16-Jan-22
Bank of Africa Tanzania Limited	12.00%	10-Aug-23	12.50%	6-Aug-22
FDR Summary (continued)	**Effective interest rate per annum**	**Maturity date**	Effective interest rate per annum	Maturity date
Azania Bank Limited	13.00%	11-Oct-23	13.00%	11-Oct-22
Azania Bank Limited	12.00%	19-Oct-23	12.50%	21-Jun-22
Azania Bank Limited	12.00%	16-Oct-23	11.00%	16-Oct-22
Azania Bank Limited	12.00%	04-Nov-23	-	-
DCB Bank Plc	-	30-Oct-22	12.00%	30-Oct-22
DCB Bank Plc	10.00%	08-July-23	-	-
UBA Bank Tanzania Limited	13.00%	06-Jan-23	13.00%	28-Apr-22
KCB Bank Tanzania Limited	-	-	12.00%	24-Apr-22

Notes (continued)

21 CASH AND CASH EQUIVALENTS

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Cash at bank	**55,952**	80,839	**25,176**	34,523
Cash at hand	**411**	516	**411**	516
Unrestricted cash and bank balances	**56,363**	81,355	**25,587**	35,039
Restricted cash and bank balances				
Cash at bank - ACB Car Loan Fund*	**958**	15,005	**958**	15,005

*This is the balance which relates to cash set aside for the purpose of extending loans to staff for purchase of motor vehicles.

For the purpose of the statement of cash flows, cash and cash equivalents comprises unrestricted cash at hand and in bank as indicated above.

22 CAR LOAN FUND

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Car loan fund at end of the year	**35,000**	35,000	**35,000**	35,000

This is a fund established on 3rd August, 2001 from the accumulated fund account with a seed capital of TZS 35 million for the purpose of extending loans to staff for purchase of motor vehicles.

23 GRANTS

	2022	2021	2022	2021
	Group	Group	**Company**	Company
(a) Capital grant	**TZS'000**	TZS'000	**TZS'000**	TZS'000
At start of the period	**1,202,541**	1,257,229	**1,202,541**	1,257,229
Grant received	**-**	-	**-**	-
Grant amortization	**(54,688)**	(54,688)	**(54,688)**	(54,688)
At end of the period	**1,147,853**	1,202,541	**1,147,853**	1,202,541

The Capital grants comprise the following items: FSDT Grant for Mobile Trading Platform System, Grant from the world bank grant for Automated Trading System, and cash advanced to the DSE by the Government.

Grants are issued on condition of being spent on the intended activity and DSE to maintain appropriate financial records in relation to the grant project funds.

Notes (continued)

23 GRANTS (CONTINUED)

(b) Revenue grant	2022 Group TZS'000	2021 Group TZS'000	2022 Company TZS'000	2021 Company TZS'000
At start of the period	**56,864**	110,789	**56,864**	110,789
Grant received	**-**	-	**-**	-
Grant amortization	**(33,879)**	(53,925)	**(33,879)**	(53,925)
At end of the period	**22,985**	56,864	**22,985**	56,864
(i) Business Incubation				
At start of the period	**56,864**	110,789	**56,864**	110,789
Grant received	**-**	-	**-**	-
Grant amortization	**(33,879)**	(53,925)	**(33,879)**	(53,925)
At end of the period	**22,985**	56,864	**22,985**	56,864

The revenue grants comprise the following items: FSDT Grant for business Incubation Program and Grant for DSE scholar investment challenge. Business incubation program is programs for startup companies that aim at facilitating capacity building, providing network opportunities and providing access to different types of funding options including borrowing, venture capital funds, private equity and equity/debt public issuance to identified companies.

Grants are issued on condition of being spent on the intended activity and DSE to maintain appropriate financial records in relation to the grant project funds.

24 SHARE CAPITAL

	2022 Group TZS'000	2021 Group TZS'000	2022 Company TZS'000	2021 Company TZS'000
The Exchange has authorized capital of TZS 20 billion divided into 50 million ordinary shares of TZS 400 each	**20,000,000**	20,000,000	**20,000,000**	20,000,000
Issued and fully paid: 23,824,020 ordinary shares of TZS 400 each (ordinary shares)	**9,529,608**	9,529,608	**9,529,608**	9,529,608
Share premium	**1,850,374**	1,850,374	**1,850,374**	1,850,374

Notes (continued)

25 TRADE AND OTHER PAYABLES

(a) Contracts with customers

The group has recognised the following liabilities related to contracts with customers

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Contract liabilities-listing fee from Corporate entities	**-**	95,476	**-**	95,476
Contract liabilities-listing fee from Government Bond	**909,266**	814,369	**909,266**	814,369
	909,266	909,845	**909,266**	909,845

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year

Revenue recognized that was included in the contract liability balance at the beginning of the period

Listing fee-Corporate entities	**79,852**	35,000	**79,852**	35,000
Listing Fee-Government bonds	**814,369**	681,032	**814,369**	681,032
	894,221	716,032	**894,221**	716,032
(b) Trade and Other payables				
Provisions	**293,096**	398,955	**269,875**	385,349
VAT Payable	**32,869**	46,256	**6,048**	9,087
WHT Payable	**22,022**	4,067	**16,120**	2,456
Payroll liabilities	**338,255**	57,268	**254,242**	49,916
Other payables	**624,785**	348,747	**321,141**	123,250
	1,311,027	855,293	**867,426**	570,058
Total trade and other payables	**2,220,293**	1,765,138	**1,776,692**	1,479,903

Contract liabilities as per IFRS 15, relates to the listing fee that DSE has received from companies who are on the process of listing to the exchange but the same has not yet been realized, DSE rules stipulates that the received fee from the company which is required to list will not be earned until the company is listed or upon expiration of the period of two years if the company failed to list

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice
- Accruals are non-interest bearing and have an average term of 30 days

Notes (continued)

26 RELATED PARTY TRANSACTIONS

Transactions with related parties

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Sale of services to CSDR	-	-	157,278	141,653
Purchase of service from CSDR	-	-	71,734	52,574
Balance from related party				
CSDR	**-**	-	69,280	144,429

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the exchange, directly or indirectly of the exchange

i. Executive Key Personnel

	2022	2021	2022	2021
	Group	Group	**Company**	Company
	TZS'000	TZS'000	**TZS'000**	TZS'000
Short-term employee benefits (salaries and allowances)	**1,191,957**	1,185,241	**824,037**	837,298
Post-employment benefits (defined contribution plans)	**179,646**	160,140	**120,052**	117,499
	1,371,603	1,345,381	**944,089**	954,797

ii. Director fee				
Directors' fees	**159,450**	170,700	**118,250**	129,500
	159,450	170,700	**118,250**	129,500

Notes (continued)

27 EARNINGS PER SHARE

Basic Earnings per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Exchange by the weighted average number of ordinary shares outstanding during the period. DSE does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the ordinary shareholders of the exchange.

	2022 Group TZS'000	2021 Group TZS'000	**2022 Company TZS'000**	2021 Company TZS'000
Net profit attributable to shareholders (TZS)	**4,482,653**	3,997,196	**4,375,341**	3,971,582
Weighted average number of ordinary shares in issue (note 24)	**23,824**	23,824	**23,824**	23,824
Basic/diluted earnings per share (TZS)	**188.16**	167.78	**183.65**	166.71
Dividends paid	**2,398,364**	2,783,095	**2,398,364**	2,783,095
Dividend per share	**100.67**	116.82	**100.67**	116.82

In June 2016 DSE issued shares to the public and thereafter self-listed its shares on its own Exchange on 12th July 2016. Earnings per share have been calculated for the current period and previous period.

DIVIDEND PAID

During its 6th Dar es Salaam Stock Exchange Public Limited Company (DSE) Annual General Meeting, the DSE Shareholders approved a final dividend of TZS 100.67 per share (2020 TZS 116.81). That amounted to TZS 2,398 million. Date of payment was 30th June 2022.

28 COMMITMENTS

Capital commitment

Acquisition of an office

The Exchange has entered into an agreement with the National Housing Corporation to purchase an office space at the Morocco Square project currently under construction. The space to be acquired is 900 SQM which is expected to cost USD 2,124,000/=. The Exchange has already settled the first and the second instalments to the acquisition amounting to USD 1,274,400 which is 60% of the total cost and therefore there is a commitment of USD 849,600.

29 SUBSEQUENT EVENTS

Subsequent to reporting date, there is no any event that amounts to recognition or disclosure in these financial statements.

DSE

Creating Opportunities

ANNUAL REPORT 2022

REPORT OF THE FIDELITY FUND

DSE

Creating Opportunities

ANNUAL REPORT 2022

REPORT OF THE FIDELITY FUND

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REPORT OF THE FUND MANAGEMENT COMMITTEE

1. INTRODUCTION

The Fund Management Committee present this report together with the audited financial statements of the Dar es Salaam Stock Exchange – Fidelity Fund (the Fund) for the year ended 31 December 2022.

2. ESTABLISHMENT AND PURPOSE

In accordance with the provisions of the Capital Markets and Securities (CMS) Act, 1994, the Fund was established in April 1998 to hold in trust certain assets, the property of the Dar es Salaam Stock Exchange (the Exchange), for the purpose of providing compensation to persons who suffer pecuniary loss from any defalcation committed by a Licensed Dealing Member (LDM) or its fund management committee or partners or through defalcations by any of the employees of the Fund or firm.

3. MINIMUM BALANCE

The Fund shall consist of an amount of not less than TZS 100 million or such other sum as may be directed by the minister, by notice in the gazette in accordance with the CMS Act, 1994.

4. ACTIVITIES

As noted above, the Fund holds in trust certain assets, the property of the Exchange, for the purpose of compensating any persons who suffers pecuniary loss as a result of defalcations committed by a member Fund of the stock exchange and certain other persons. The Fund's income to meet these potential commitments is obtained from fees based on a certain percentage of the underlying transactions on the Exchange and interest income from the cash balance of the fund invested in the money market.

5. FUND POSITION

The position of the Fund as at 31 December 2022 is reflected in the accumulated fund balance of TZS 2,807 million (31 December 2021: TZS 2,514 million) as shown in the statement of changes in reserve on page 10 and on note 10 to the financial statements. The minimum amount of the Fund, however, shall be either TZS 100 million or such other sum as the Minister of Finance may direct to be paid into the Fund. The Minister has, through a government notice, gazette the amount to be credited to the Fund to be at the rate of 0.04% from equity securities. A total of TZS 321,429 claim that was paid in year 2022.

6. RESULTS FOR THE YEAR

The results for the year are shown in the Statement of profit or loss and other comprehensive income on page 10 of these financial statements.

REPORT OF THE FUND MANAGEMENT COMMITTEE (Continue)

7. FIDELITY FUND MANAGEMENT COMMITTEE

The committee was established under the Capital Markets and Securities Act, 1994 to oversee the administration of the DSE Fidelity Fund. The Committee is composed of three members. These are:

Name	Position	Nationality	Date of resignation
Mr. Simon Mponji	Chairman	Tanzanian	-
Mr. Charles Rwechungura	Member	Tanzanian	-
Mr. Moremi Marwa	Member	Tanzanian	20th May 2022
Mr. Deogratias Laballa	Member	Tanzanian	-

8. AUDITORS

The PricewaterhouseCoopers have audited Fidelity Fund for six (6) years, the appointment of new auditor for the year ending 31 December 2023 will be done at the Annual General Meeting.

BY THE ORDER OF FIDELITY FUND MANAGEMENT COMMITTEE

Approved by the Fidelity Fund Committee on _______________ and signed on its behalf by:

Mr. Simon Mponji .... **Signature** 31/05/2023

Mr. Charles Rwechungura ORwechung .... **Signature** 31/05/2023

STATEMENT OF THE FUND MANAGEMENT COMMITTEE'S RESPONSIBILITIES

As provided by the Capital Market and Securities Act 1994, the Fund shall be administered by the Council of the Exchange which, as further provided, may appoint a Fund Management Committee (The Committee) to which it may delegate all its powers. This delegation has been effected.

The Committee is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of cash flows for the period then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and complies with requirements of Capital Markets and Securities Act, 1994.

The Committee's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Committee has made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Mr. Simon Mponji .... **Signature** 31/05/2023

Mr. Charles Rwechungura .... **Signature** 31/05/2023

DECLARATION OF THE HEAD OF FINANCE

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

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

I, Lucas Sinkala being the Head of Finance of Dar es Salaam Stock Exchange Plc hereby acknowledge my responsibility of ensuring that financial statements of the Dar es Salaam Stock Exchange Fidelity Fund for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Capital Markets and Securities Act, 1994.

I thus confirm that the financial statements give a true and fair view of the financial performance of Dar es Salaam Stock Exchange Fidelity Fund for the period ended 31 December 2022 and its financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Lucas Sinkala.

Position: Finance Manager

NBAA Membership No.: ACPA 3689

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAR ES SALAAM STOCK EXCHANGE FIDELITY FUND

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Dar es Salaam Stock Exchange Fidelity Fund (the Fund) as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Capital Markets and Securities Act, 1994

What we have audited

The financial statements of Dar es Salaam Stock Exchange Fidelity Fund as set out on pages 10 to 23 comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Other information

The fund management committee members are responsible for the other information. The other information comprises The report of the fund management committee, Statement of the fund management committee's responsibilities and Declaration of the head of finance 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAR ES SALAAM STOCK EXCHANGE FIDELITY FUND

Report on the audit of the financial statements (continued)

Other information (continued)

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.

Responsibilities of the fund management committee for the financial statements

The fund management committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Capital Markets and Securities Act, 1994, and for such internal control as the fund management committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the fund management committee members are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the the fund management committee members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The fund management committee members are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the funds's members as a body in accordance with the Capital Markets and Securities Act, 1994 and for no other purposes.

As required by Capital Markets and Securities Act, 1994 we performed audit the accounts of the fidelity fund at the statement of financial position date for it to be laid before the Council. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, ACPA-PP
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date 9th June 2023

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022	2021
		TZS	TZS
Income			
Fee income	6	**53,924,376**	41,729,559
Other income	7	**264,422,244**	99,024,109
		318,346,620	140,753,668
Expenses			
Administrative expenses	8	**(22,734,606)**	(20,691,487)
Impairment (charge)/release on receivables	5	**(2,864,286)**	2,424,013
		(25,598,892)	(18,267,474)
Profit before taxation		**292,747,728**	122,486,194
Taxation		**-**	-
Profit after tax		**292,747,728**	122,486,194
Other comprehensive income		**-**	-
Total comprehensive income		**292,747,728**	122,486,194

FINANCIAL STATEMENTS (Continued)

STATEMENT OF FINANCIAL POSITION

	Notes	2022 TZS	2021 TZS
ASSETS			
Current assets			
Trade and other receivables	9	**35,362,928**	8,294,230
Short term deposits at amortized cost	11	**2,800,957,136**	2,286,545,741
Cash and cash equivalents	12	**10,389,015**	238,106,539
Total assets		**2,846,709,079**	2,532,946,510
RESERVES AND LIABILITIES			
Reserves			
Accumulated fund	10	**2,806,525,679**	2,513,777,951
Current liabilities			
Trade and other payables	13	**40,183,400**	19,168,559
Total reserves and liabilities		**2,846,709,079**	2,532,946,510

The financial statements of Fidelity Fund were approved for issue by the Fund Management Committee on _____________2023 and are signed on its behalf by:

Mr. Simon Mponji .... **Signature** 31/05/2023

Mr. Charles Rwechungura .... **Signature** 31/05/2023

FINANCIAL STATEMENTS (Continued)

STATEMENT OF CHANGES IN RESERVES

	Accumulated Fund	Total
Year ended 31 December 2022	**TZS**	**TZS**
At 01 January 2022	**2,513,777,951**	**2,513,777,951**
Profit for the year	**292,747,728**	**292,747,728**
As at 31 December 2022	**2,806,525,679**	**2,806,525,679**
Year ended 31 December 2021		
As at 1 January 2021	2,391,291,757	2,391,291,757
Profit for the year	122,486,194	122,486,194
As at 31 December 2021	2,513,777,951	2,513,777,951

FINANCIAL STATEMENTS (Continued)

STATEMENT OF CASH FLOWS

		2022	2021
		TZS	TZS
OPERATING ACTIVITIES			
Profit before tax		**292,747,728**	122,486,194
Interest income	7	**(264,422,244)**	(97,845,484)
Operating profit before working capital changes		**28,325,484**	24,640,710
Trade and other receivables	9	**(27,068,698)**	164,757,460
Trade and other payables	13	**21,014,841**	4,467,701
Net cash flow generated from operating activities		**22,271,627**	193,865,871
INVESTING ACTIVITIES			
Interest received	7	**264,422,244**	97,845,484
Investment in Short term deposits		**(514,411,395)**	(103,412,776)
Net cash flow used in investing activities		**(249,989,151)**	(5,567,292)
Net (decrease) increase in cash and cash equivalents		**(227,717,524)**	188,298,579
Cash and cash equivalents at the beginning of the year		**238,106,539**	49,807,960
Cash and cash equivalents at the end of the year		**10,389,015**	238,106,539

FINANCIAL STATEMENTS (CONTINUED)

NOTES

1. REPORTING ENTITY

a) Establishment and legal status

The Fidelity Fund (the Fund) was established in accordance with the provisions of the Capital Markets and Securities (CMS) Act 1994 whereby the Dar es Salaam Stock Exchange is required to establish and keep a fidelity fund which shall be administered by its council on behalf of the Stock Exchange. The assets of the Fidelity Fund shall be the property of the Dar es Salaam Stock Exchange but shall be kept separate from all other property and shall be held in trust for the purpose set out in the CMS Act.

The Dar es Salaam Exchange is a body corporate incorporated in 1996 under the Companies Ordinance (Cap 212) as a Fund limited by guarantee without a share capital.

b) Purpose

The Fund's assets are to be used to provide compensation to persons who suffer pecuniary loss from any defalcation committed by a member Fund or member firm or its fund management committee or partners or through defalcations by any of the employees of the Fund or firm, in accordance with the provisions of the CMS Act. No claims against the Fund have been received since the Fund was created.

2. BASIS OF PREPARATION

a) Statement of compliance

The Financial Statements for the year ended 31 December 2022 and the comparative figures for the previous financial year have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements are presented in Tanzanian shillings, which is the Fund's functional and presentation currency. The financial statements have been prepared under the historical cost basis.

c) New standards, amendments and interpretations

a) New standards, amendments and interpretations effective and adopted during the year

A number of new standards are effective from 1 January 2022, but they do not have a material effect on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standard or amendments
-IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment
- Annual improvements cycle 2018 -2020
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendment to IFRS 3, 'Business combinations', Asset or liability in a business combination clarity

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

c) New standards, amendments and interpretations (continued)

Relevant new standards, amendments and interpretations issued but not yet effective
A number of new standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

New standard or amendments	Effective for annual periods beginning on or after
- Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	1 January 2023
- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
- Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

The Fidelity Fund is currently evaluating the potential impact of the new standard on the Company's financial statements.

Relevant new standards, amendments and interpretations issued but not yet effective (continued)

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The Fidelity Fund is currently evaluating the potential impact of the new standard on the Company's financial statements.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

c) New standards, amendments and interpretations (continued)

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

The Fidelity Fund is currently evaluating the potential impact of the new standard on the Company's financial statements.

The amendments are not expected to have a material impact on the financial statements of the Fidelity Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency transactions

The functional and presentation currency of the Fund is the Tanzanian Shilling (TZS). Transactions in foreign currency are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognized in profit or loss.

b) Financial instruments

Recognition and initial measurement
All financial instruments are initially recognized at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognized when the fund becomes a party to the contractual arrangements. All regular way transactions are accounted for on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. The Fund classifies financial instruments as 'loans and receivables' or 'held to maturity'; and financial liabilities at amortized cos

Financial assets

Classification and measurement under IFRS 9
Trade and other receivables, government securities, bank balances and short term deposits are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Fund becomes a party to the contractual provisions of the instrument.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

b) Financial instruments (continued)

Financial assets (continued)

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs those are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI or FVTPL. The classification depends on the business model applied and the cash flow characteristics of an asset.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL.

Factors considered by the Fund in determining the business model for assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

Cash flow characteristic of the asset: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, The Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is
due within one year or less (or in the normal operating cycle of the. business if longer). Trade payables are recognized initially at fair value and subsequently measured at amortized cos

<u>Derecognition</u>
A financial asset/liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

c) Income

Fee income - comprises fees on the underlying transactions of the Dar es Salaam Stock Exchange based on the percentage of shares traded and is recognized on the date of transaction. Fees are accrued at the rate gazetted by the Government of Tanzania from time to time on the underlying transactions on the stock exchange.

Annual receipts – an amount equal to 10% or more of the net income of the stock exchange for any one financial year (section 89(2) of the CMS Act) is accounted for on an accrual basis.

d) Comparative figures

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

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes to the financial statements.

5. FINANCIAL RISK MANAGEMENT

a. Credit risk

Credit risk is the risk of financial loss to the Fund arising from failure of customers to meet their contractual obligations when fall due. In addition it also arises principally from the Fund's investment securities such as fixed deposits and receivables from customers.

The DSE Fidelity Fund customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (Continued)

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	TZS	TZS
Short term deposits at amortized cost	**2,800,957,136**	2,286,545,741
Trade and other receivables	**23,352,079**	8,294,230
Cash and cash equivalent	**10,389,015**	238,106,539
	2,834,698,230	2,532,946,510

The Fund has the following financial assets that are subject to IFRS 9 impairment requirements (Expected credit losses):

- Trade and other receivables
- Cash and cash equivalents
- Government securities at amortized cost

The Fund was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Fund retained earnings and equity is disclosed the statement of changes in equity. While cash and cash equivalents and investments in government securities are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. For trade and other receivables, the fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

On that basis, the loss allowance as at 31 December 2022 (as result of adoption of IFRS 9) was determined as follows for trade receivables:

	2022			2021	
	Expected loss rate	Gross amount	Loss allowance	Gross amount	Loss allowance
		TZS	TZS	TZS	TZS
0 to 12 months	**0%**	**9,418,092**	**-**	7,342,693	-
12 to 18 months	**20%**	**2,257,282**	**451,456**	1,145,964	229,193
19 to 24 Months	**50%**	**2,186,790**	**1,093,396**	-	-
Above 24 months	**100%**	**16,356,508**	**16,356,508**	14,807,881	14,807,881
Total		**30,218,672**	**17,901,360**	23,296,538	15,037,074

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

Exposure to credit risk (continued):

Movement of the loss allowance is as shown below:

Year ended 31 December 2022	**TZS**
Opening balance	**15,037,074**
Charge during the year	**2,864,286**
Closing balance	**17,901,360**
Year ended 31 December 2021	
Opening balance	17,461,087
Release during the year	(2,424,013)
Closing balance	15,037,074

Liquidity risk is that the Fund will not be able to meet its financial obligations as they fall due. The Fund Committee approach in managing liquidity ensures as far as possible, it always have sufficient liquidity to meet its liabilities when due.

Maturity profile of non-derivative financial liabilities based on contractual cash flows, it as follows:

	Within One Year	Above One Year
	TZS	TZS
As at 31 December 2022		
Trade and other payables	**29,796,067**	-
As at 31 December 2021		
Trade and other payables	11,019,798	-

b. Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Market risk (Continued)

- Interest rate risk

Interest Rate Risk is the risk that the DSE Fidelity Fund is exposed to gains or losses on fluctuations of interest in the market. In order to mitigate this exposure Fund Management Committee has placed all of its investment in the treasury government securities. The following table analyses the interest risk profile for assets and liabilities at year end.

Profile

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was as follows;

	2022	2021
	TZS	TZS
Short-term deposits at amortized cost	**2,800,957,136**	2,286,545,741

As per the interest rate profile, the Fund is not exposed to interest rate risk because it holds no financial instruments with variable interest rates.

- Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency. The Fund takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. At the reporting date, the Fund did not have any assets and/or liabilities denominated in foreign currency.

Fair value sensitivity analysis for fixed rate instruments

The fund neither account for any fixed rate financial assets and liabilities at fair value nor financial assets and liabilities are re-measured at fair value thus sensitivity to changes in interest rate is not considered relevant.

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

6. FEE INCOME

	2022	2021
	TZS	TZS
Transaction fees	**53,924,376**	41,729,559

Fee income - comprises fees on the underlying transactions of the Dar es Salaam Stock Exchange. Fees are accrued at the rate gazetted by the Government of Tanzania from time to time on the underlying transactions on the stock exchange.

7. OTHER INCOME

	2022	2021
	TZS	TZS
Interest income	**264,422,244**	97,845,484
Penalty from Invoice late payment	**-**	1,178,625
	264,422,244	99,024,109

8. ADMINISTRATIVE EXPENSES

Allowances	**15,927,412**	14,490,232
Bank charges	**585,766**	522,755
Fidelity compensation expenses	**321,428**	-
External audit fee	**5,900,000**	5,900,000
	22,734,606	20,912,987

9. TRADE AND OTHER RECEIVABLES

Receivable from brokers	**30,253,439**	23,331,304
Loss allowance	**(17,901,360)**	(15,037,074)
	12,352,079	8,294,230
Withholding tax receivable	**12,010,849**	-
Other receivables	**11,000,000**	-
Total trade and other receivables	**35,362,928**	8,294,230
Movement on allowance for expected credit losses		
As at 1 January	**15,037,074**	17,461,087
Charge/(release) for the year	**2,864,286**	(2,424,013)
At 31 December	**17,901,360**	15,037,074

The allowance for credit impairment has been calculated in line with the Fund provisioning policy. The Loss allowance as at 31 December 2022 was TZS 18 million (2021: TZS 15 million).

FINANCIAL STATEMENTS (CONTINUED)

NOTES (CONTINUED)

10. ACCUMULATED FUND

	2022	2021
	TZS	TZS
At beginning of year	2,513,777,951	2,391,291,757
Profit for the year	292,747,728	122,486,194
	2,806,525,679	2,513,777,951

The minimum amount of the fund as provided by the Capital Markets and Securities (CMS) Act, 1994 is TZS 100 million or such other sum as the Minister may, by Notice in the Gazette, direct to be paid to the credit of the fund on the establishment of the Stock Exchange. Subsequent to establishment a Notice in the Gazette dated 25th March 1998 stated that the Fund shall consist of a credit of 0.04% of the total traded value of securities transacted at the Exchange.

11. SHORT-TERM DEPOSIT HELD AT AMORTISED COST

	2022	2021
	TZS	TZS
Treasury bills	-	456,680,000
Fixed deposits Investment	2,724,193,844	1,790,000,000
Interest receivables from short term deposits	76,763,292	39,865,741
	2,800,957,136	2,286,545,741

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	10,389,015	238,106,539
	10,389,015	238,106,539

13. TRADE AND OTHER PAYABLES

As at 31 December 2022, accruals made in relation to the fund expenditures amounted to TZS 40,183,401 (2020: TZS 19,168,559).

	2022	2021
	TZS	TZS
Accrued expenses	7,353,067	4,976,798
Accrued audit fees	11,800,000	5,900,000
Withholding tax payable	10,387,333	8,148,761
Other payables	10,643,000	143,000
	40,183,400	19,168,559

14. RELATED PARTY TRANSACTIONS AND BALANCES

There were no related party transactions and balances during the period.

15. EVENTS AFTER REPORTING DATE

There was no event that happened after the reporting date.