



**UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC**

*Your Obvious Investment Partner*

**LIQUID UNIT TRUST SCHEME – UKWASI FUND**

**UN-AUDITED FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED**

**31<sup>st</sup> DECEMBER 2020**

# LIQUID UNIT TRUST SCHEME - UKWASI FUND

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## LIQUID UNIT TRUST SCHEME - UKWASI FUND

### General Information

Liquid Unit Trust Scheme (Ukwasi Fund) is an open-ended collective investment scheme launched in 2013. The Scheme was established by Unit Trust of Tanzania (UTT) in accordance with the provisions of the Capital Markets and Securities Act, 1994 (Act No. 5 of 1994) as amended and Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997 of Tanzania. In 2013, UTT was restructured and its functions transferred to UTT Asset Management and Investor Services (UTT AMIS) that is registered under the Companies Act, 2002. UTT AMIS was re-assigned with the management of collective investment schemes and other functions of the predecessor organisation from 1st October 2013. For the six month period from 1st July 2020 to 31st December 2020, the directors of UTT AMIS who held office and are currently responsible for the scheme's oversight are:

<b>Name</b>	<b>Position</b>
Mr. Casmir Sumba Kyuki	Chairman
Dr. Suleiman Rashid Mohamed	Member
Mr. Ramadhani Sampa Hamisi	Member
Mr. Juma Alli Muhimbi	Member
Mr. Francis Mtete Chachah	Member

The assets of the Fund are managed by UTT AMIS, a Registered Fund Manager and the Custodian of the Scheme is CRDB Bank Plc, a commercial bank established under the Banking and Financial Institutions Act, 2006. The auditors of the Fund are KPMG while the legal advisors are Abenry & Co. Advocates. UTT AMIS maintains the register of investors of the Fund. The address of UTT AMIS, the Custodian, the Auditors and Legal Advisors are as indicated below:

<b>Fund Manager and Registrar</b>	- UTT AMIS 2nd Floor, Sukari House Sokoine Drive/Ohio Street P.O. Box 14825 Dar es Salaam
<b>Custodian</b>	- CRDB Bank Plc Office Accommodation Scheme Building Azikiwe Street P.O. Box 268 Dar es Salaam
<b>Auditors</b>	- KPMG 2 <sup>nd</sup> Floor, The Luminary Haile Selassie Road, Masaki P.O. Box 1160 Dar es Salaam
<b>Advocates</b>	- Abenry & Co. Advocates Golden Jubilee Towers Main Tower, 3rd Floor Ohio / Kibo Street P.O. Box 3167 Dar Es Salaam

## LIQUID UNIT TRUST SCHEME - UKWASI FUND

### REPORT OF THE BOARD OF DIRECTORS OF UTT ASSET MANAGEMENT AND INVESTOR SERVICES PLC FOR THE HALF YEAR ENDED 31<sup>ST</sup> DECEMBER 2020

The Board of Directors of UTT AMIS presents Liquid Fund report for the half year ended 31<sup>st</sup> December 2020. The Scheme which commenced operations in April 2013 reported net income of TZS 8.427 Billion on its audited accounts for the year ended 30<sup>th</sup> June 2020. For the half year ended 31<sup>st</sup> December 2020 reported net income of TZS 10.175 Billion.

#### 1. Establishment and Management of the Fund

Liquid Unit Trust Scheme, also known as “Liquid Fund” is a collective investment scheme formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated on 19<sup>th</sup> June 2003 under the Trustees Incorporation Act. Liquid Unit Trust Scheme was established under the Deed of Trust of the Liquid Unit Trust Scheme, on 01 April 2013 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act, 1994.

The Fund was managed by the Unit Trust of Tanzania Registered Trustees up to 30 September 2013 and thereafter by UTT AMIS, a Registered Fund Manager who has set up a management structure to carry out the day to day operations of the Fund. The duties of the Fund Manager are specified in Sections 4.0 of the Offer Document.

The Custodian of the Fund is CRDB Bank Plc, a commercial bank licensed to carry out banking business under the Banking and Financial Institutions Act, 2006. The duties of the Custodian are specified in Section 5.3 of the Offer Document.

#### 2. Principal Activities and Investment Objectives

The principal activity of the Fund is to invest the pooled funds into a portfolio that enables both high and low income investors to diversify risk and obtain competitive returns over the medium and long term through capital growth.

The main objective of the Fund is to empower Tanzanians through wide ownership of its units and encourage a culture of savings in financial assets. It also gives Tanzanians an opportunity to participate in the capital market and obtain a good return on their investment.

#### 3. Financial Performance

The financial performance of the Fund for the half year is set out on page 4 of these Financial Statements.

#### 4. Sale and Re-purchase of Units of the Fund

The Fund is open for sale and re-purchase of units using forward pricing through the Fund Manager. The sale price is based on prospective Net Asset Value (NAV) per unit of the same working day and re-purchase price is based on the Net Asset Value (NAV) per unit of the date of acceptance.

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### 5. Risk Warning

Investment in unit trusts should be regarded as medium to long term investment. Investors should note that investments in the Scheme are subject to market risks and the Net Asset Value (NAV) of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance does not guarantee future performance.

### 6. Solvency

Solvency is the ability of the Fund in meeting its long term financial obligations. This can be established through the Fund's Statement of Financial Position at 31<sup>st</sup> December 2020 herewith indicated. The Fund Manager considers the Fund to be solvent.

### 7. The Board of Directors

Details of Directors who held office during the half year period and up to the date of this report are found on page 1 of this Report. All the Directors are Tanzanians.

.....  
**Director**

.....  
**Director**

.....  
**Date**

LIQUID UNIT TRUST SCHEME - UKWASI FUND

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 31<sup>ST</sup> DECEMBER 2020**

		<b>Six Months to 31 December 2020</b>	<b>Six Months to 31 December 2019</b>	<b>Twelve Months to 30 June 2020</b>
<b>Revenue</b>	<b>Note</b>	<b>Tzs'000</b>	<b>Tzs'000</b>	<b>Tzs'000</b>
Interest income	2	11,755,161	3,966,803	9,268,942
Other income		-	-	829,089
<b>Total Income</b>		<b>11,755,161</b>	<b>3,966,803</b>	<b>10,098,031</b>
<b>Operating Expenses</b>	<b>3</b>	<b>(1,550,356)</b>	<b>(608,471)</b>	<b>(1,654,829)</b>
Net income from operations before taxation		<b>10,204,805</b>	<b>3,358,332</b>	<b>8,443,202</b>
Taxation	4	(29,034)	(5,467)	(15,975)
Net income from operations after tax		<b>10,175,771</b>	<b>3,352,865</b>	<b>8,427,227</b>
Other Comprehensive Income		-	-	-
<b>Change in net assets attributable to unit holders</b>		<b>10,175,771</b>	<b>3,352,865</b>	<b>8,427,227</b>

Notes and related statements forming part of these Financial Statements appear on pages 6 to 9

LIQUID UNIT TRUST SCHEME - UKWASI FUND

STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER 2020

		31 December 2020	31 December 2019	30 June 2020
	Note	Tzs'000	Tzs'000	Tzs'000
<b>Assets</b>				
Cash and cash equivalents		11,498,949	5,488,618	4,830,304
Term deposits with banks		203,334		
Treasury bonds		136,432,496	54,204,224	103,522,196
Interest receivable	5	4,387,542	3,446,869	4,083,019
Other receivables		-42,505	3,443	(342,054)
<b>Total assets</b>		<b>152,479,816</b>	<b>63,143,154</b>	<b>112,093,465</b>
<b>Liabilities</b>				
Other account payable		(1,781)	(1,781)	(285,580)
Income tax payable		-	(184)	-
Accounts payable	6	(792,354)	(419,918)	(518,840)
<b>Total Liabilities</b>		<b>(794,135)</b>	<b>(421,883)</b>	<b>(804,420)</b>
<b>Net-assets attributable to unit holders</b>		<b>151,685,681</b>	<b>62,721,271</b>	<b>111,289,045</b>
<b>Represented by:</b>				
Unit capital		124,663,412	50,949,134	94,442,546
Investment equalization		-	-	-
Retained earnings		16,846,499	8,419,272	8,419,272
Change in net assets\Profit		10,175,770	3,352,865	8,427,227
<b>Total Unit holders Equity</b>		<b>151,685,681</b>	<b>62,721,271</b>	<b>111,289,045</b>
Net Asset Value per unit based on 578,927,529; 275,233,776; & 459,598,758 units outstanding on 31 <sup>st</sup> December 2020, 31 <sup>st</sup> December 2019 and 30 <sup>th</sup> June 2020 respectively.		<u>262.01</u>	<u>227.88</u>	<u>242.14</u>

Notes and related statements forming part of these Financial Statements appear on pages 6 to 9

## LIQUID UNIT TRUST SCHEME - UKWASI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31<sup>st</sup> DECEMBER 2020

#### **1 SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

The Financial Statements are presented in Tanzanian Shillings (TZS) in thousands. They are prepared on historical cost convention. No adjustments have been made for inflationary factors affecting the statements.

##### **(b) Income Recognition**

(i) Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income is recognised on gross basis, including withholding tax.

(ii) The difference between carrying cost and maturity value of Treasury Bills and other long term discounted instruments is treated as income over the remaining life of the instrument.

(iii) Profit or loss on sale of investments is recognized on the sale date on the basis of weighted average cost.

##### **(c) Expenses**

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

##### **(d) Investments Valuation and Liabilities Recognition**

(i) Investment acquisitions are accounted for at cost.

(ii) Debt Securities, mainly Treasury Bonds and Bills, are valued on yield to maturity basis.

(iii) Fixed term Deposits are stated at cost while interest that has accrued to the Valuation date is accounted for as income.

(iv) Other financial assets and financial liabilities are stated at amortised cost.

##### **(e) Taxation**

Income tax payable is recognised as an expense in the period in which the Income arises.



## LIQUID UNIT TRUST SCHEME - UKWASI FUND

### 2 INTEREST INCOME

Interest income arises from:

	<b>Tzs'000</b>
Deposits with banks	319,165
Treasury bonds	9,676,996
<b>Total</b>	<b>9,996,161</b>

### 3 OPERATING EXPENSES

During the six months period from ended 31 December 2020, the following provisions for expenses have been made:

	<b>Tzs'000</b>
Custodian fee	68,904
Other charges expenses	292,285
Brokerage and other Costs	41,558
Bank charges & Commission	24
Communication and advertising	15,490
Promotion Material & Scheme Branding	6,461
Promotion- Public education	27,416
Communication –Tel, Postage and Fax	4,266
Agent Commission-Units sales	16,374
Management fee	1,071,688
Exhibition/Public event	5,890
<b>Total</b>	<b>1,550,356</b>

### 4 TAXATION CHARGE

The amount represents 10% withholding tax as final tax on interest income.

### 5 INTEREST RECEIVABLES

	<b>Tzs'000</b>
Deposits with banks	2,010
Treasury Bonds	4,385,532
<b>Total</b>	<b>4,387,542</b>

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6 ACCOUNTS PAYABLE

	<b>Tzs'000</b>
Custodian fee	68,904
Management fee	228,751
Other Scheme charges	292,285
Repurchase Payable	<u>202,414</u>
<b>Total</b>	<b><u>792,354</u></b>

## LIQUID UNIT TRUST SCHEME - UKWASI FUND

### 7. APPENDIX 1 – INVESTMENT PORTFOLIO

	<b>31 December 2020</b> <b>Tzs'000</b>	<b>% of total</b> <b>investment</b> <b>portfolio</b>
Term deposits with banks	11,663,132	7.88
Treasury Bonds	136,432,496	92.12
<b>Total Investment Portfolio</b>	<b>148,095,628</b>	<b>100.00</b>