

**CHILDREN'S CAREER PLAN UNIT TRUST SCHEME  
(WATOTO FUND)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**



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## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### GENERAL INFORMATION

#### The Board of Directors of the Fund Manager

The Directors of the Fund manager holding office during the year and as at the date of this report are as follows:

Name	Position	Gender	Appointed on
Prof. Faustin Rweshabura Kamuzora	Chairman	Male	04 August 2024
Casmir Sumba Kyuki	Chairman*	Male	05 August 2021
Dr. Judika Loti King'ori	Member**	Female	29 July 2022
Paul Andrew Maganga	Member**	Male	29 July 2022
Neema Julie Jones	Member**	Female	29 July 2022
David Emmanuel Mwankenja	Member**	Male	29 July 2022
Migangala Simon Milenge	Managing Director***	Male	05 October 2021

\* Retired on 04 August 2024

\*\*Re-appointed on 29 June 2025.

\*\*\*Re-appointed on 04 October 2024.

**Fund Manager** UTT Asset Management and Investor Services Plc.  
2<sup>nd</sup> Floor, Sukari House  
Sokoine/ Ohio Street  
P. O. Box 14825  
Dar es Salaam

**Custodian** CRDB Bank Plc  
CRDB Headquarters  
Plot No. 25/26, Ali Hassan Mwinyi Road & Plot No. 21 Barack  
Obama Road  
P. O. Box 268 & 11101  
Dar es Salaam

**Auditor** KPMG  
2<sup>nd</sup> Floor, The Luminary  
Masaki, Haile Selassie Road  
P. O. Box 1160  
Dar es Salaam  
TIN: 100-144-921  
Registration Number: PF020

**Advocate** Abenry Advocates  
3rd Floor, Golden Jubilee Towers,  
Ohio/Kibo Street  
P. O. Box 3167  
Dar es Salaam

## **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025**

The Board of Directors of UTT Asset Management and Investor Services Plc (UTT AMIS), hereinafter also referred to as the “Fund Manager”, presents the report of Children Career Plan Unit Trust Scheme (Watoto Fund) (hereinafter also referred to the “Fund” or “Scheme”) together with the audited financial statements for the year ended 30 June 2025, which disclose the financial performance for the year and the state of affairs of the Fund as at that date. This report is an equivalent of the Report by Those Charged with Governance as required by Tanzania Financial Reporting Standard (TFRS 1).

#### **1. Establishment and management of the Fund**

Children Career Plan Unit Trust Scheme (Watoto Fund) is a collective investment scheme formed by the Unit Trust of Tanzania (UTT), a government sponsored institution that was incorporated on 19 June 2003 under the Trustees Incorporation Act. The main objectives of UTT included establishing, launching and management of collective investment schemes.

The Fund was established in Tanzania under the Deed of Trust of the Children Career Plan Unit Trust Scheme (Watoto Fund), on 1 October 2008 and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under the Capital Markets and Securities Act, Cap. 79.

The Fund is currently managed by UTT Asset Management and Investor Services Plc. As a Fund Manager, UTT AMIS has set up a management structure to carry out the day-to-day operations of the Fund.

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 Fund Manager and the Trustee/Custodian are specified in Sections 4.0 and 5.2 of the Offer Document respectively. The Offer Document sets forth concisely, the information about the scheme that a prospective investor ought to know about the Fund. It also contains information about the rights and obligations of the Fund Manager and Trustee/Custodian to the Fund.

#### **2. Fund Manager vision and mission**

##### **Vision statement**

Continue being the most trusted and accessible investment partner that makes a difference to peoples’ lives.

##### **Mission statement**

To offer people-oriented innovative products, providing comparatively superior returns and achieving high service standards that meet and exceed stakeholders’ expectations.

##### **Core values**

- Transparency: we ensure transparency in all of our dealings.
- Honesty and Integrity: we uphold high standards of honesty and integrity.
- Work principles: we work together as a team to deliver value to our investors.
- Respect: we value all people equally and treat them fairly.
- Performance: we work hard to deliver high performance and quality products; and
- Social responsibility: We are socially responsible. We do our best to contribute to social order and development.

#### **3. Principal activities and investment objectives**

The principal activity of the Fund is to invest the pooled funds into a balanced 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 be a child benefit open-ended balanced fund, which seeks to generate long term capital appreciation through a judicious mix of investment in debt and listed equity instruments.

#### **4. Financial performance during the year**

The financial performance of the Fund during the year is set out on page 13 of the financial statements.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 5. Sale and re-purchase of units of the Fund

The Fund was under a lock-in period from its establishment date on 1 October 2008 to 13 March 2009. From 16 March 2009, the Fund opened for sale and re-purchase of units. The Fund allows, partial or full repurchase upon a beneficiary's child attaining 12 years of age as stated in Section 27.2 of the Fund Offer Document.

The sale price is based on the applicable Net Asset Value (NAV) per unit without charging an Entry Load. An Entry Load is a cost charged to the investor to compensate issuing costs and is charged at the time an investor purchases the units of the scheme.

For re-purchases, an Exit Load of 1% of Net Asset Value (NAV) is charged for redeemable units held for a period of less than three years. An exit load is a cost charged to the investor at the time of repurchasing the units of the Fund. No exit load is charged on Investments held for more than three years. When applicable, the exit load is deducted from the applicable NAV at the time of repurchase of the units to determine the amount payable to the unit holder.

#### 6. Investment policy

The assets allocation of the Fund investment policy is:

- i) Debt instruments including fixed income such as treasury bonds, treasury bills, corporate bonds, Bank placements/deposits and repurchases agreements.
- ii) Listed Equity.

Change in investment pattern is subject to Capital Market and Securities Regulations. The Fund's assets allocation pattern may change from time to time based on the view of market conditions, market opportunities, applicable regulations, political and economic factors. The intention is to protect the interest of the unit holders at all times. The Fund is not permitted to undertake any borrowings.

#### 7. Unit holders' capital

The Fund is authorized to issue an unlimited number of units, the units were initially sold at TZS 100 per unit (without any upfront entry load) and subsequent sale of units is done at prevailing Net Asset Value (NAV) without any entry load. The fund holder may repurchase/redeem their holding upon fulfilling conditions and where investments are held for less than 3 years, the exit load of 1% of Net Asset Value is applicable for such cases. The following is a summary of the Fund's unit capital transactions for the year:

	2025 Units	2024 Units
Opening balance as at 1 July	28,523,046	18,509,000
Sales of units made during the year	14,591,345	11,337,082
Repurchases of units made during the year	(2,286,282)	(1,323,036)
<b>Closing balance as at 30 June</b>	<b><u>40,828,109</u></b>	<b><u>28,523,046</u></b>

The net asset value is included under Key Performance Indicators disclosed on the next page.

#### 8. Principal risk and uncertainty

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

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 9. Solvency

The Board of Directors of the Fund Manager confirms that IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) have been followed and that financial statements have been prepared on a going concern basis with a reasonable expectation that the Fund has adequate resources to continue its operational existence for next twelve months from the date of approval of these financial statements.

The Fund's state of affairs as at 30 June 2025 is set out on page 14 of the financial statements. The Fund Manager considers the Fund to be solvent.

#### 10. Key Performance indicators

The table below shows performance of the Fund for the last three years;

	30 June 2025	30 June 2024	30 June 2023
Net assets attributable to Unit holders (TZS'000)	31,502,825	18,998,367	10,787,351
Number of units	40,828,109	28,523,046	18,509,000
Net Asset Value (TZS)	771.60	666.07	582.82
Published Net Asset Value per Unit (TZS)	771.96	666.55	583.79

The table below shows the highest issue price and the lowest redemption price of the units for the last ten years the Fund has been in existence.

	2025 TZS	2024 TZS	2023 TZS	2022 TZS	2021 TZS
Highest issue price	771.96	666.55	583.79	519.32	455.18
Lowest redemption price	660.22	578.66	513.39	450.38	379.75

  

	2020 TZS	2019 TZS	2018 TZS	2017 TZS	2016 TZS
Highest issue price	380.90	337.71	332.92	293.84	303.83
Lowest redemption price	334.55	320.71	289.97	274.51	274.79

#### 11. Liquidity and cash flows of the Fund

The overall liquidity profile of the Fund is reviewed and updated regularly. The liquidity profile takes into account investment, cash flow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual unit ownership and the nature of the investment strategy.

Cash flow liquidity is managed by the Fund on a daily basis using reports that include sales and repurchases of units information as well as the impact of trading, investment in equity, investment in government securities and corporate security activity. In addition to the daily reporting, the Fund managers are provided with reporting on the prevailing net assets value.

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, investors concentration and the persistency of the investors base.



## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 11. Liquidity and cash flows of the Fund (Continued)

Liquidity of the Fund is independently assessed and challenged through the internal governance process for the Fund Manager. Liquidity is modelled and compared against potential liability scenarios such as severe repurchases of units and where the Fund has any liquidity issues, it is flagged to the internal committee which further escalates the issue to the Board of Director of the Fund Manager for remedial action.

#### 12. Related party transactions

Details of transactions with related parties are disclosed in Note 19 to the financial statements.

#### 13. Corporate governance of the Fund

##### i) Fund Manager

The Fund is currently managed by UTT Asset Management and Investor Services Plc (UTT AMIS). As a Fund Manager, UTT AMIS has set up a management structure to carry out day to day operations of the Fund.

##### Board of Directors of the Fund Manager

The Board takes overall responsibility for the Fund, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and is in compliance with sound corporate governance principles.

The Board delegates the day-to-day management of the Fund to Managing Director assisted by senior management. Senior management are invited to attend board meetings and facilitates the effective control of all the Fund's operational activities, acting as a medium of communication and coordination between all the various business units. During the year the Board met four times.

The Fund is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency, and accountability.

During the year the Board of Directors of the Fund Manager had the following board sub-committees to ensure a high standard of corporate governance throughout the Fund. These are;

- Board Audit Risk and Compliance Committee; and
- Board Investment Committee.

Members of the committees were as follows;

##### Board Audit, Risk and Compliance Committee

Name	Gender	Position
Dr. Judika King'ori	Female	Chairperson
David Mwankenja	Male	Member
Daniel Olesumayan	Male	Member

##### Board Investment Committee

Name	Gender	Position
Paul Maganga	Male	Chairman
Neema Jones	Female	Member
Fortunatus Magambo	Male	Member
Lameck Kakulu	Male	Member

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 13. Corporate governance of the Fund (Continued)

##### ii) Custodian

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 Board of Directors of CRDB Bank Plc is made up of the following individuals:

Name	Gender	Position
Prof. Neema Munisi Mori	Female	Chairperson
Dr. Donald Mmari	Male	Vice Chairperson
Abdulmajid Nsekela	Male	Group CEO and Managing Director
Miranda Naiman Mpogolo	Female	Director
Moses Wilson Dule	Male	Director
Jes Klausby	Male	Director
Grace Philotea Joachim	Female	Director
Abdul Ally Mohamed	Male	Director
Prof. Faustine Karrani Bee	Male	Director
Dr. Fredy Matola Msemwa	Male	Director
Dr. Judika L. Kingori	Female	Director
Gerald Paul Kassato	Male	Director

#### 14. Relationship with the stakeholders

Relationships with our key stakeholders including our investors, suppliers, business partners, regulators and other service providers remained cordial throughout the year. A good relationship with key stakeholders remains the root of Fund Manager core values and belief.

#### 15. Interest by the Directors of the Fund Manager in the units of the Fund

None of the Directors of the Fund Manager had holdings of units in the Fund as at 30 June 2025.

#### 16. Responsibilities of the auditor

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

#### 17. Serious prejudicial matter

In the opinion of the Directors of the Fund Manager, there were no significant unfavourable matters as at the reporting date that can affect the Fund (2024: None).

#### 18. Environmental control program

The Fund has established an Environmental Control Program (ECP) in line with CMSA requirements and the Environmental Management Act (Cap 191, R.E. 2022). The program integrates environmental risk assessment into investment decisions, favoring issuers with strong sustainability practices. It also promotes responsible operations through resource efficiency, digital processes to reduce paper use, and proper waste management.

The ECP is periodically reviewed to ensure continued compliance and improvement in environmental performance

## **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **REPORT OF THE BOARD OF DIRECTORS OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **19. Disabled persons**

The Fund Manager gives full consideration to applications for employment from disabled persons where the candidate’s particular aptitudes and abilities are consistent and adequately meet the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company’s policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **20. Political and charitable donations**

No donations were made to any political or charitable institution during the financial year ended 30 June 2025 (2024: Nil).

#### **21. Responsibilities of the Directors of Fund Manager**

The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view of the Fund for the year ended 30 June 2025 and to the date of approval of the financial statements, in accordance with IFRS Accounting Standards and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997. More details of the responsibilities of the Directors of the Fund Manager are shown on page 8.

#### **22. Statement of compliance**

The Directors of the Fund Managers are of the opinion that the Fund complied with all laws, regulations and guidelines affecting the Fund and its related operations.

The report of Directors of Fund Manager has been prepared in full compliance with Tanzania Financial Reporting Standard No.1 (TFRS 1) the Report by Those Charged with Governance.

#### **By order of the Board**

\_\_\_\_\_  
Prof. Faustin Rweshabura Kamuzora  
**Chairman**

.....  
**Date**

\_\_\_\_\_  
Dr. Judika Loti King’ori  
**Director**

.....  
**Date**

## **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **STATEMENT OF THE DIRECTORS OF THE FUND MANAGER’S RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2025**

The Fund Manager’s Directors are responsible for the preparation of the financial statements that give a true and fair view of Children Career Plan Unit Trust Scheme (Watoto Fund) (“The Fund”), comprising the statement of profit or loss and other comprehensive income, the statement of financial position as at 30 June 2025, the statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997.

The Fund Manager’s Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Fund Manager’s Directors have made an assessment of the ability of the Fund to continue as a going concern and have no reason to believe that the Fund will not be a going concern in at least next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

#### **Approval of financial statements**

The financial statements of Children Career Plan Unit Trust Scheme (Watoto Fund), as identified in the first paragraph, were approved and authorized for issue by the Fund Manager’s Board of Directors on ..... and signed by:

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Prof. Faustin Rweshabura Kamuzora  
**Chairman**

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Dr. Judika Loti King’ori  
**Director**

## **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **DECLARATION OF THE DIRECTOR OF FINANCE AND PLANNING OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2025**

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 Director of Finance and Planning 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/Governing Body of the Fund Manager as under Directors’ Responsibilities Statement on page 8.

I, **Joan Msofe** being the Director of Finance and Planning of the Fund Manager (UTT AMIS) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of Children’s Career Plan Unit Trust Scheme (Watoto Fund) comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

.....  
**Signed by:** ACPA Joan Msofe

**Position:** Director of Finance and Planning

**NBAA Membership No:** ACPA1675

**Date:** .....

## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Children's Career Plan Unit Trust Scheme (Watoto Fund) ("the Fund") set out on pages 13 to 40, which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997.

#### *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 are independent of the Fund in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

#### *Other Information*

The Directors of the Fund Manager are responsible for the other information. The other information comprises the information included in *Children's Career Plan Unit Trust Scheme (Watoto Fund) Annual Report and Financial Statements for the year ended 30 June 2025*, 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 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, 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNIT HOLDERS OF CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO  
FUND) (CONTINUED)**

**Report on the Audit of the Financial Statements (Continued)**

*Responsibilities of the Directors of the Fund Manager for the Financial Statements*

The Directors of the Fund Manager are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997, and for such internal control as the Directors of the Fund Manager 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 Directors of the Fund Manager are responsible for assessing the Fund'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 of the Fund Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

*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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Fund Manager.
- Conclude on the appropriateness of the Directors of the Fund Manager's 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 Fund'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 Fund 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNIT HOLDERS OF CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)  
(CONTINUED)**

**Report on the Audit of the Financial Statements (Continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements (Continued)*

We communicate with the Directors of the Fund Manager 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.

From the matters communicated with the Directors of the Fund Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year 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**

As required by the Capital Markets and Securities (Collective Investment Schemes) Regulations, 1997 we report to you, solely based on our audit of financial statements, that:

- in our opinion, the financial statements of the Fund have been properly prepared in accordance with the requirements of the regulations;
- all persons involved with the conduct and operation of the Fund have acted properly and in accordance with the requirements of the regulations;
- proper books and records have been kept by the Fund and the accounts are in agreement with the accounting records of the Fund;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- directors of the Fund Manager's report is consistent with the financial statements.

**KPMG  
Certified Public Accountants (T)**

**Signed by:** CPA Frank Mboya (ACPA 3730)  
**Dar es Salaam**

**Date .....**



**CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 TZS '000	2024 TZS '000
Investment income	6	3,115,971	1,791,710
Net gain from fair valuation of equity instruments	7	360,584	528,795
Other income	8	<u>850,238</u>	<u>17,284</u>
<b>Total income</b>		<b>4,326,793</b>	<b>2,337,789</b>
Management fees	19(a)	(367,759)	(222,176)
Custodian fees		(24,517)	(14,812)
Audit fees		(2,071)	(1,740)
Promotions		(40,117)	(23,085)
Brokerage fees		(11,570)	(13,980)
Agent commission		(178,224)	(108,584)
Advisor’s fee		(967)	(1,443)
Other administration expenses	9	<u>(5,785)</u>	<u>(1,758)</u>
<b>Total expenses</b>		<b>(631,010)</b>	<b>(387,578)</b>
<b>Increase in net asset attributable to unit holders before tax</b>		<b>3,695,783</b>	<b>1,950,211</b>
Withholding tax expense	10	<u>(45,772)</u>	<u>(15,532)</u>
<b>Increase in net assets attributable to unit holders, net of tax</b>		<b>3,650,011</b>	<b>1,934,679</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total increase in net assets attributable to unit holders, net of tax</b>		<b><u>3,650,011</u></b>	<b><u>1,934,679</u></b>

Notes and related statements forming part of these financial statements appear on pages 17 to 40.

Report of the Auditor – Pages 10 – 12.

# CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2025 TZS'000	2024 TZS'000
<b>Assets</b>			
Cash and cash equivalents	11	146,936	1,474,541
Deposits with financial institutions	12	5,741,230	-
Government securities	13	22,537,315	14,679,717
Equity investments	14	3,253,726	2,987,145
Other receivables	15	37,916	42,011
<b>Total assets</b>		<b><u>31,717,123</u></b>	<b><u>19,183,414</u></b>
<b>Liabilities</b>			
Other liabilities	17	(214,298)	(185,047)
<b>Total liabilities</b>		<b><u>(214,298)</u></b>	<b><u>(185,047)</u></b>
<b>Net-assets attributable to unit holders</b>		<b><u>31,502,825</u></b>	<b><u>18,998,367</u></b>
<b>Represented by:</b>			
Net assets attributable to unit holders		<u>31,502,825</u>	<u>18,998,367</u>
Net Asset Value per unit based on 40,828,109 outstanding units (2024 – 28,523,046)	18 (i)	<u>771.60</u>	<u>666.07</u>

The financial statements on pages 13 to 40 were approved and authorised for issue by the Board of Directors of the Fund Manager on ..... and signed by:

\_\_\_\_\_  
Prof. Faustin Rweshabura Kamuzora  
**Chairman**

\_\_\_\_\_  
Dr. Judika Loti King'ori  
**Director**

Notes and related statements forming part of these financial statements appear on pages 17 to 40.

Report of the Auditor – pages 10 – 12.

**CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)****STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
AS AT 30 JUNE 2025**

	Notes	2025 TZS’000	2024 TZS’000
<b>Opening balance of net assets attributable to unit holders</b>		<b>18,998,367</b>	<b>10,787,351</b>
Increase in net assets attributable to unit holders		<u>3,650,011</u>	<u>1,934,679</u>
		<b><u>22,648,378</u></b>	<b><u>12,722,030</u></b>
<b>Transactions with unit holders during the year:</b>			
Sales of units during the year	18 (ii)	10,492,136	7,114,943
Repurchase of units during the year	18 (ii)	<u>(1,637,689)</u>	<u>(838,606)</u>
<b>Net transactions with unit holders during the year:</b>		<b><u>8,854,447</u></b>	<b><u>6,276,337</u></b>
<b>Closing balance of net assets attributable to unit holders</b>		<b><u>31,502,825</u></b>	<b><u>18,998,367</u></b>

Notes and related statements forming part of these financial statements appear on pages 17 to 40.

Report of the Auditor – pages 10 - 12.

**CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 TZS'000	2024 TZS'000
<b>Cash flows from operating activities:</b>			
<b>Increase in net assets attributable to unit holders, net of tax</b>		<b>3,650,011</b>	<b>1,934,679</b>
<b>Adjustment for:</b>			
Net gain from fair valuation of equity instruments	7	(360,584)	(528,795)
Dividend income	6	(222,027)	(144,707)
Interest income calculated using effective interest method	6	(2,893,944)	(1,647,003)
Withholding tax expense	10	45,772	15,532
		<b>219,228</b>	<b>(370,294)</b>
<b>Change in:</b>			
Deposits with financial institutions	12	(5,673,400)	-
Government securities		(8,537,912)	(5,923,326)
Equity Investments		94,003	(857,908)
Other receivables		4,095	(18,907)
Other liabilities		29,251	(56,956)
<b>Cash used in operating activities</b>		<b>(13,864,735)</b>	<b>(7,227,391)</b>
Dividend received	6	222,027	144,707
Interest received on treasury bonds		3,226,113	2,006,935
Interest received on deposit with financial institution		280,315	-
Withholding tax paid	10	(45,772)	(15,532)
<b>Net cash used in operating activities</b>		<b>(10,182,052)</b>	<b>(5,091,281)</b>
<b>Cash flows from financing activities</b>			
Sale of units	18(ii)	10,492,136	7,114,943
Repurchase of units	18(ii)	(1,637,689)	(838,606)
<b>Net cash generated from financing activities</b>		<b>8,854,447</b>	<b>6,276,337</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(1,327,605)</b>	<b>1,185,056</b>
<b>Cash and cash equivalents as at 1 July*</b>		<b>1,474,541</b>	<b>289,485</b>
<b>Cash and cash equivalents as at 30 June*</b>	11(a)	<b>146,936</b>	<b>1,474,541</b>

\* Cash and cash equivalents include call deposits that are repayable on demand and form an integral part of the Fund's cash management.

Notes and related statements forming part of these financial statements appear on pages 17 to 40.

Report of the Auditor – pages 10 – 12.

## **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **1 REPORTING ENTITY**

Children’s Career Plan Unit Trust Scheme (the Fund) was established by Unit Trust of Tanzania (UTT) and is regulated by Capital Markets and Securities (Collective Investment Schemes) Regulations 1997, prescribed under Capital Markets and Securities Act, Cap. 79. The address of the Fund’s registered office is 2<sup>nd</sup> Floor, Sukari House, Sokoine/Ohio Street, P.O Box 14825, Dar es Salaam.

The Fund is managed by UTT Asset Management Investor Services Plc “(UTT AMIS)”, or the “Fund Manager” who has set up a management structure to carry out day to day operations of the Fund. The duties of the Fund Manager and the Trustee/Custodian are specified on Section 4.0 and 5.3 of the Offer Document respectively. The address of the Fund Manager’s registered office is 2nd Floor, Sukari House, Sokoine/Ohio Street, P.O Box 14825, Dar es Salaam.

The Fund’s Custodian, CRDB Bank Plc, located at Ali Hassan Mwinyi Road, P.O. Box 268, Dar es Salaam, is responsible for safeguarding all Fund assets, overseeing transactions, valuations, and unit handling, ensuring compliance with the Deed of Trust and relevant regulations.

The Fund is an open-ended investment fund primarily involved in investing in a diversified portfolio of equity securities issued by companies listed in Dar es Salaam Stock Exchange (DSE), debt securities issued by corporate and government and fixed deposits with the objective of providing unit holders with competitive returns over the medium to long-term.

#### **2 BASIS OF PREPARATION**

##### **(a) Statement of compliance**

The financial statements of the Fund for the year ended 30 June 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of Capital Markets and Securities (Collective Investment Funds) Regulations, 1997.

##### **(b) Basis of measurements**

The financial statements have been prepared on the historical cost basis unless where fair value has been applied in line with the respective accounting policy.

##### **(c) Functional and presentation currency**

These financial statements are presented in Tanzanian Shillings (TZS), which is the Fund’s functional and presentation currency. All amounts have been rounded to the nearest thousands (‘000’) except where otherwise indicated.

Functional currency is the currency of the primary economic environment in which the Fund operates. The Fund’s investment and transactions are denominated in Tanzanian Shillings. Investor subscriptions and redemptions are determined based on the net asset value and received and paid in Tanzanian Shillings. The expenses (including management fees, custodian fees and other charges) are denominated and paid for in Tanzanian Shillings. Accordingly, management has determined that the functional currency of the Fund is Tanzanian Shillings.

##### **(d) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the financial reporting date and the reported amounts of revenues and expenses during the financial reporting period. Although these estimates are based on the directors’ best knowledge of current events, actual results may ultimately differ from those estimates.

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **2 BASIS OF PREPARATION (CONTINUED)**

##### **(d) Use of estimates and judgements (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 21

##### **(e) Going Concern**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Fund will continue in operation for at least one year from the date of the audit report and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

#### **3 MATERIAL ACCOUNTING POLICIES**

##### **(a) Changes in accounting policies**

Below are the changes that came into effect for accounting periods beginning on or after 1 January 2024. All the applicable changes have been applied in the preparation of these financial statements.

- i) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases became effective on 1 January 2024.
- ii) Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements became effective on 1 January 2024;
- iii) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements became effective on 1 January 2024;

The adoption of the standards above had no material impact on the financial statements of the Fund. The accounting standards set out below have been applied consistently to all periods in presenting these financial statements.

##### **(b) Interest income**

Interest income presented in the statement of profit or loss and other comprehensive income comprise interest on financial assets measured at amortised cost calculated on an effective interest basis.

The 'effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Interest income is recognised on a gross basis, including withholding tax, if any.

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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

Expenses to the Fund would be charged in accordance with Section 24.1 of the Watoto Fund Offer Document which states;

- i. Management fee will be charged at 1.5% of Net Assets Value (NAV);
- ii. Custodian fee at 0.1% of NAV with the minimum of TZS 10 million per annum; and
- iii. Other charges at 0.9% of NAV. Other charges include the commonly rated charges such as bank charges, marketing, selling expenses, legal fees, audit fees, transaction costs pertaining to the distribution of units and cost relating to investor servicing.

Management fee and other charges would be restricted to 2.4% of the NAV. Any additional amount would be borne by the Fund Manager. Expenses are recognised in profit or loss as the related services are rendered to the Fund.

##### **(d) Dividend income**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for quoted equity securities. Dividends are reflected as a component of investment income. Dividend income from equity securities carried at fair value is recognised in the "investment" line in the statement of profit or loss and other comprehensive income.

##### **(e) Net gain from financial instruments**

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes but excludes interest and dividend income.

##### **(f) Taxation**

Under Section 86 of the Income Tax Act, 2004 as amended, the Fund is exempt from paying taxes on income, profits or capital gains as such deferred tax is not applicable.

Dividend and interest income received by the Fund is subject to withholding tax as final tax on the same basis as for individuals. Investment income is recorded gross of such taxes and the withholding tax is included under tax charge for the year.

##### **(g) Redeemable units**

Units issued by the Fund are redeemable and the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's units in the Fund's net assets at the redemption date.

In accordance with the Offer Document, the Fund is contractually obliged to issue (sell) and redeem (repurchase) units based on prevailing Net Asset Value (NAV) per unit. Net Asset Value (NAV) per unit is the value that is arrived at after taking the value of the Fund's assets and subtracting the liabilities of the Fund divided by prevailing number of units.

In accordance with IFRS 9, redeemable units give rise to financial liability for the present value of the redemption amount. Units applied for repurchase and approved but not settled as at year end are presented as repurchase payables and classified as other liabilities.

##### **(h) Cash and cash equivalents**

Cash and cash equivalents include cash and call deposits with banks with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **(i) Investment securities**

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either fair value through profit or loss, or amortised cost. The equity investments are measured at fair value through profit or loss.

##### **(j) Contingent liabilities**

The Fund recognizes a contingent liability where, it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Fund, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

##### **(k) Financial instruments**

###### **(i) Recognition and initial measurement**

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at Fair Value Through Profit and Loss (FVTPL) on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

###### **(ii) Classification and subsequent measurement**

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest "SPPI".

All other financial assets of the Fund are measured at FVTPL.

###### **Business model assessment**

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and



## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (k) Financial instruments (Continued)

##### (ii) Classification and subsequent measurement (Continued)

##### Business model assessment (Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets. The Fund has determined that it has one business model which is:

- Held-to-collect business model: this includes government securities, term deposits with banks, cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flow.

##### Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI. The Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

##### Subsequent measurement of financial assets

Financial assets at amortised cost:	These assets are subsequently measured at amortised cost using the effective interest method. Interest income is calculated using effective interest method and recognised in profit or loss.
Financial assets at FVTPL:	These assets are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

##### Financial liabilities

Other liabilities are classified as financial liabilities at amortised cost and are carried at amortised cost.

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **(k) Financial instruments (Continued)**

###### **(ii) Classification and subsequent measurement (Continued)**

###### **Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or gains and losses arising from a group of similar transactions such as in the Fund's trading activity

###### **(ii) Impairment**

An 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive.

Loss allowances for the financial assets are measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Fund considers reasonable and supportable forward-looking information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Fund's historical experience and informed credit assessment.

The Fund recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised accordance with the requirement of IFRS 9.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

###### **Write off**

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

###### **(iii) Derecognition**

The Fund derecognises regular-way sales financial assets using trade date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such is transferred assets that is created or retained by the Fund is recognised as a separate asset or liability.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (k) Financial instruments (Continued)

###### (iii) Derecognition (Continued)

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### (k) Fees and commission expenses

Fees and commission expenses are recognised in profit or loss as the related services are rendered.

##### (l) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### (m) Contingent liabilities

The Fund recognises a contingent liability where, it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Fund, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

##### (n) New relevant standards and amendments to standards in issue but not yet effective and not early adopted by the Fund.

A number of new standards are effective for annual periods beginning after 1 July 2024 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Funds financial statements.

New standard or amendments	Effective for annual periods beginning on or after
Lack of Exchangeability – Amendments to IAS 21.	1 July 2025
Amendments to the Classification and measurement of Financial Instruments -	1 July 2026
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure	
Annual improvements to IFRS Accounting standards – Volume 11	1 July 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 July 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 July 2027

##### (o) Comparative information

Where necessary Comparative figures have been reclassified to conform to the change in presentation in the current year. No reclassification of comparative figures was made during the year.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 4 FINANCIAL RISK MANAGEMENT

##### **Introduction and overview**

The Fund has exposure to the following risks from its portfolio of financial instruments:

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk; and
- (d) Operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

##### **Risk Management Framework**

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy.

The Fund's investment portfolio comprises quoted equity investments and debt securities.

Asset purchases and sales are determined by the Fund Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Fund's investment objectives.

Compliance with the target asset allocations and the composition of the portfolio is monitored by the Board of Directors on a quarterly basis.

In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

##### **(a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, other receivables and cash and cash equivalents.

For risk management reporting purposes, the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). Default is assumed to have occurred after 30 days past due.

##### ***Management of credit risk***

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's prospectus.

Credit risk is monitored daily by the Fund Manager in accordance with policies and procedures in place.

The Fund's credit risks are monitored on a quarterly basis by the Board of Directors. Where the credit risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is obliged to rebalance the portfolio upon determination that the portfolio is not in compliance with the stated investment parameters.

Credit risk is mitigated by investing in issuers with known credibility and it is monitored on an ongoing basis by the Fund Manager.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit risk (Continued)

Table below provides details of exposure to credit risk for the financial assets as defined by IFRS 9, analysing the carrying amounts – similar to their fair values at the reporting date and showing maximum exposure to credit risk, if different from carrying amount.

	30 June 2025		30 June 2024	
	Financial assets	Exposure to credit risk	Financial assets	Exposure to credit risk
	TZS '000	TZS '000	TZS '000	TZS '000
Government securities	22,537,315	22,537,315	14,679,717	14,679,717
Cash and cash equivalents	146,936	146,936	1,474,541	1,474,541
Deposits with financial institutions	5,741,230	5,741,230	-	-
Other receivables	37,916	37,916	42,011	42,011
	<b>28,463,397</b>	<b>28,463,397</b>	<b>16,196,269</b>	<b>16,196,269</b>

##### *Concentration of credit risk*

The Fund Manager, reviews credit concentration of debt securities held with counterparties and industries. As at the reporting date, the Fund's debt securities exposures were concentrated in the following sectors.

	30 June 2025		30 June 2024	
	TZS '000	%	TZS '000	%
Government sector	22,537,315	79.18%	14,679,717	90.64%
Financial service sector	5,888,166	20.69%	1,474,541	9.10%
Other sectors	37,916	0.13%	42,011	0.26%
	<b>28,463,397</b>	<b>100%</b>	<b>16,196,269</b>	<b>100%</b>

As at the reporting date, the Fund's value of investment holding as a percentage of net asset value:

	30 June 2025		30 June 2024	
	TZS '000	%	TZS '000	%
Government securities	22,537,315	71.54%	14,679,717	77.27%
Cash and cash equivalents	146,936	0.47%	1,474,541	7.76%
Deposits with financial institutions	5,741,230	18.22%	-	0.00%
Equity Investment	3,253,726	10.33%	2,987,145	15.72%
	<b>31,611,377</b>	<b>100.56%</b>	<b>19,141,403</b>	<b>100.75%</b>

##### *Past due and impaired assets*

No financial assets carried at amortised cost were past due or impaired as at 30 June 2025 (2024: Nil). The Fund manager has made an assessment of the expected credit losses from the financial assets as at 30 June 2025 and concluded that the amounts are immaterial to the financial statements.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit risk (Continued)

###### *Settlement risk*

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For most transactions, the Fund mitigates this risk by conducting settlements through a custodian to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.

##### (b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

###### *Management of liquidity risk*

The Fund's policy and the Investment Manager's approach to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units, as and when due, without incurring undue losses or risking damage to the Fund's reputation.

The Fund's constitution provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder redemptions at each redemption on daily basis. Full or partial repurchase is allowed upon a beneficiary attaining 12 years of age however where repurchase occurs within 3 years from the date of investments an exit load of 1% is charged. No exit load is charged if repurchase occurs after completion of 3 years as detailed under section 27.2 of the Offer Document.

The Fund's listed securities are readily realisable as they are all listed on Dar es Salaam Stock Exchange (DSE). The Fund undertakes to repurchase and sell any number of units offered to it based on prices calculated in accordance with the terms and conditions set out on the Offer Document and Trust Deed of Children's Career Plan Unit Trust Fund (Watoto Fund).

The Fund's liquidity risk is managed daily by the Fund Manager in accordance with policies and procedures in place. The Fund's overall liquidity risks are monitored on a quarterly basis by the Board of Directors.

It is the Fund's policy to have liquid assets comprising cash and cash equivalents and investments in commercial paper, short term fixed deposits and call deposits for which there is an active and liquid market equal to cater for anticipated redemptions of units. In addition, the Fund Manager is empowered to defer to next dealing day repurchase of units if 10% of the units are repurchased within one dealing day.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Liquidity risk (Continued)

Maturity profile of financial liabilities based on the contractual cash flows, "undiscounted" including interest and excluding impact of netting is as follows:

	Carrying amount TZS '000	Contractual cash flows TZS '000	Within 1 year TZS '000	1 year and above TZS '000
<b>At 30 June 2025</b>				
<b>Financial liabilities</b>				
Net assets attributable to unit holders	31,502,825	31,502,825	31,502,825	-
Other liabilities	214,298	214,298	214,298	-
	<b>31,717,123</b>	<b>31,717,123</b>	<b>31,717,123</b>	-
<b>At 30 June 2024</b>				
<b>Financial liabilities</b>				
Net assets attributable to unit holders	18,998,367	18,998,367	18,998,367	-
Other liabilities	185,047	185,047	185,047	-
	<b>19,183,414</b>	<b>19,183,414</b>	<b>19,183,414</b>	-

##### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices 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 optimising the return on risk.

Market risk is potential for both loss and gain to investor resulting from decreases and increases in the unit price of the Fund. The main causes of unit price changes are price changes in the underlying instruments caused by movements in securities prices, changes in the credit rating of instrument issuers, changes in the prevailing level of interest rates and currency movement relative to Tanzanian shillings.

##### *Management of market risk*

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective to empower Tanzanians through wide ownership of its units and encourage a culture of savings in financial assets. The Fund market risk is managed daily by the Fund Manager in accordance with policies and procedures in place. The Fund's market position is monitored on a quarterly basis by Board of Directors.

Return is the desired reward for assuming market risk. Market risk is managed by the Fund Manager with reference to the Fund's investment mandate, the objective being to produce the highest possible return for a given level of risk.

##### *Interest rate risk*

The Fund is exposed to cash flow interest rate risk which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Fair value interest rate risk is another interest rate risk to the Fund; it is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the value and cash flow risks.

# **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

### **3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **(c) Market risk (Continued)**

The table below summarises the exposure to interest rate risk. Assets and liabilities are categorised by the earlier of contractual re-pricing or maturity dates.

All figures are in thousands of Tanzania Shillings.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
<b>At 30 June 2025</b>							
<b>Assets</b>							
Cash and cash equivalents	10,674	-	-	-	-	136,172	146,936
Deposits with financial	-	-	1,538,805	4,202,425	-	-	5,741,230
Government securities	883,719	-	-	-	21,653,596	-	22,537,315
Equity investments	-	-	-	-	-	3,253,726	3,253,726
Other receivables	-	-	-	-	-	37,916	37,916
	<u>894,483</u>	<u>-</u>	<u>1,538,805</u>	<u>4,202,425</u>	<u>21,653,596</u>	<u>3,427,814</u>	<u>31,717,123</u>
<b>Liabilities</b>							
Net-assets attributable to unit holders	-	-	-	-	-	(31,502,825)	(31,502,825)
Other liabilities	-	-	-	-	-	(214,298)	(214,298)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,717,123)</u>	<u>(31,717,123)</u>
<b>Net interest rate gap</b>	<u>894,483</u>	<u>-</u>	<u>1,538,805</u>	<u>4,202,425</u>	<u>21,653,596</u>	<u>(28,289,309)</u>	<u>-</u>

All figures are in thousands of Tanzania Shillings.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
<b>At 30 June 2024</b>							
<b>Assets</b>							
Cash and cash equivalents	1,271,054	-	-	-	-	203,487	1,474,541
Government securities	482,872	-	-	-	14,196,845	-	14,679,717
Equity investments	-	-	-	-	-	2,987,145	2,987,145
Other receivables	-	-	-	-	-	42,011	42,011
<b>Total</b>	<u>1,753,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,196,845</u>	<u>3,232,643</u>	<u>19,183,414</u>
<b>Liabilities</b>							
Net-assets attributable to unit holders	-	-	-	-	-	(18,998,367)	(18,998,367)
Other liabilities	-	-	-	-	-	(185,047)	(185,047)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,183,414)</u>	<u>(19,183,414)</u>
<b>Net interest rate gap</b>	<u>1,753,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,196,845</u>	<u>(15,950,771)</u>	<u>-</u>



## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (c) Market risk (Continued)

###### Interest risk sensitivity

The table below sets out the effect on the Fund's net assets attributable to holders of units of a reasonably possible increase of 100 basis points in interest rates as at 30 June 2024. A reduction in interest rates of the same amount would have resulted in an equal but opposite effect to the amounts shown. The impact of such an increase or reduction has been estimated by calculating the fair value changes of the fixed-interest debt securities and other fixed-interest-bearing assets, less liabilities. The impact is primarily from the decrease in the fair value of fixed income securities. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2025	2024
	TZS'000	TZS'000
Increase in net assets attributable to unit holders	238,138	161,543
Decrease in net assets attributable to unit holders	(238,138)	(161,543)

###### Currency risk

The Fund is exposed to currency risk on transaction that are denominated in a currency other than the respective functional currency of the Fund, the Tanzanian Shillings (TZS). The currencies in which these transactions primarily are denominated is Tanzanian Shillings (TZS), which is a functional currency.

The Fund strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency.

The Fund's transactions are denominated in its functional currency which is Tanzanian Shillings (TZS). Currency risk is not therefore attached to the Fund.

###### Exposure to other price risks

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. Price risk is managed by the Fund Managers by diversifying the portfolio. The internal procedures require the Fund Manager to manage price risk daily.

The Fund's procedures require price risks to be monitored on a quarterly basis by the Board of Directors. Where the price risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is required to rebalance the portfolio within the prescribed time limits.

##### (d) Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the process, technology and infrastructure supporting the Fund's activities with the financial instruments, either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investments management behaviour.

The Fund's objective is to manage operational risks so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objectives of generation returns to investors.

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **4 FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **(d) Operation risk (Continued)**

The primary responsibility for the development and implementation of controls over operational risks rests with the board of directors. The responsibility is supported by the development of overall standard for the management of operational risks, which encompasses the controls and the processes at the service providers and the establishment of the service levels with the service providers, in the following areas:

- Documentation of controls and procedures.
- Requirements for:
  - Appropriate segregation of duties between various functions, roles and responsibilities.
  - Reconciliations and monitoring of transactions; and
  - Periodic assessment of operational risks faced
- The adequacy of controls and procedures to address the risk identified.
- Compliance with regulatory and other legal requirements.
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation including insurance if this is effective.

##### **Capital management**

The Fund has no equity. The redeemable units issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's unit in the Fund's net assets.

The Fund's objectives in managing the redeemable units are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from redeemable units is discussed in Note 4(b).

The Fund is not subject to any externally imposed capital requirements.

# CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

### 5 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION

The table below sets out the Fund's classification of each class of financial assets and liabilities as at the year-end.

	Fair value through profit or loss	Amortised cost	Other liabilities	Total carrying amount
At 30 June 2025	TZS'000	TZS'000	TZS'000	TZS'000
<b>Assets</b>				
Cash and cash equivalents	-	146,936	-	146,936
Deposits with financial institutions	-	5,741,230	-	5,741,230
Government securities	-	22,537,315	-	22,537,315
Equity investments	3,253,726	-	-	3,253,726
Other receivables	-	37,916	-	37,916
	<u>3,253,726</u>	<u>28,463,397</u>	<u>-</u>	<u>31,717,123</u>
<b>Liabilities</b>				
Other liabilities	-	-	(214,298)	(31,502,825)
Net assets attributable to unit holders	(31,502,825)	-	-	(214,298)
	<u>(31,502,825)</u>	<u>-</u>	<u>(214,298)</u>	<u>(31,717,123)</u>
<b>At 30 June 2024</b>				
<b>Assets</b>				
Cash and cash equivalents	-	1,474,541	-	1,474,541
Government securities	-	14,679,717	-	14,679,717
Equity investments	2,987,145	-	-	2,987,145
Other receivables	-	42,011	-	42,011
	<u>2,987,145</u>	<u>16,196,269</u>	<u>-</u>	<u>19,183,414</u>
<b>Liabilities</b>				
Other liabilities	-	-	(185,047)	(185,047)
Net-assets attributable to unit holders	(18,998,367)	-	-	(18,998,367)
	<u>(18,998,367)</u>	<u>-</u>	<u>(185,047)</u>	<u>(19,183,414)</u>

### 6 INVESTMENT INCOME

	2025 TZS'000	2024 TZS'000
<i>Investment income arises from:</i>		
Interest income (*)	2,893,944	1,647,003
Dividend income	222,027	144,707
	<u>3,115,971</u>	<u>1,791,710</u>
<i>(*) Interest income arises from the following investments and is recognised based on effective interest method:</i>		
Call deposits with banks	348,145	82,970
Treasury bonds	2,545,799	1,564,033
	<u>2,893,944</u>	<u>1,647,003</u>

# CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

### 7 NET GAIN ON FINANCIAL INSTRUMENTS

	2025 TZS'000	2024 TZS'000
Gain on fair valuation of equity investments	360,584	528,795
	<u>360,584</u>	<u>528,795</u>

### 8 OTHER INCOME

UTT-AMIS support for custodian fee payment	850,238	17,284
Gain from disposal of treasury bonds	-	-
	<u>850,238</u>	<u>17,284</u>

### 9 OPERATING EXPENSES

Annual General Meeting costs	5,785	1,758
Other communication costs	-	-
	<u>5,785</u>	<u>1,758</u>

### 10 WITHHOLDING TAX EXPENSE

The Fund is exempt from income tax in accordance with Section 86 of the Income Tax Act, 2004, which grants exemption from income, profits, and capital gains with effect from 1 July 2006.

The only tax exposure arises from withholding tax (WHT) deducted at source on investment income earned during the year. In accordance with the Income Tax Act, dividend income is subject to a final withholding tax of 5%, while interest income is subject to a final withholding tax of 10%. However, interest income derived from Government bonds and Treasury bills is exempt from withholding tax under Paragraph 6(a), Part I of the Third Schedule to the Act. Accordingly, no income tax expense or deferred tax charge has been recognized in respect of such exempt income, as the Fund's income is not subject to income tax under the prevailing legislation.

	2025 TZS '000	2024 TZS '000
<i>Withholding tax charge relates to;</i>		
Interest income from call deposits	34,670	8,297
Dividend income	11,102	7,235
	<u>45,772</u>	<u>15,532</u>

### 11 CASH AND CASH EQUIVALENTS

	2025 TZS'000	2024 TZS'000
<b>a) Bank Balances</b>		
<i>For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise:</i>		
Call account	10,764	1,271,054
Other bank balances	136,172	203,487
	<u>146,936</u>	<u>1,474,541</u>

Bank balances agrees to amount as per bank statement

# CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

### 12 DEPOSITS WITH FINANCIAL INSTITUTIONS

	2025 TZS'000	2024 TZS'000
Principal amount	5,673,400	-
Accrued Interest at effective interest rate	67,830	-
	<u>5,741,230</u>	<u>-</u>

The effective interest rate during the year is 14.90%

### 13 GOVERNMENT SECURITIES

Treasury bonds - Twenty-five years	6,167,157	5,365,719
Treasury bonds - Twenty years	11,967,731	6,591,896
Treasury bonds - Fifteen years	1,802,071	2,078,824
Treasury bonds - Ten years	1,716,637	74,172
Treasury bonds - Seven years	-	86,234
Accrued income on Treasury bonds	883,719	482,872
	<u>22,537,315</u>	<u>14,679,717</u>

The effective interest rates on government bonds during the year range from 11.01% to 15.35%

### 14 EQUITY INVESTMENTS

*The movement in equity investment is shown below:*

Opening balance	2,987,145	1,600,442
Acquired equity investments during the year	-	857,908
Disposed investments during the year	(94,003)	-
Gains from fair valuation of equity investments	360,584	528,795
<b>Closing balance</b>	<u><b>3,253,726</b></u>	<u><b>2,987,145</b></u>

As at year end the Scheme had equity investments in the following listed companies:

	30 June 2025		30 June 2024	
	Number of Shares	Market Value TZS'000	Number of Shares	Market Value TZS'000
TBL	44,800	469,504	44,800	488,320
TWIGA-TPCC	45,300	226,500	45,300	185,730
SIMBA-TCCL	-	-	24,800	42,656
SWISSPORT	90,000	135,000	90,000	90,000
NMB	65,000	440,700	65,000	338,000
CRDB	1,217,220	973,776	1,217,220	632,954
VODACOM	505,000	247,450	505,000	388,850
DCB	-	-	402,847	44,314
TCC	45,666	760,796	45,666	776,321
<b>Total</b>		<u><b>3,253,726</b></u>		<u><b>2,987,145</b></u>

Investments held for trading represent shares held by Children's Career Plan Unit Trust Scheme (Watoto Fund) as at year end valued at market price (fair value) which existed in the market (Dar es Salaam Stock Exchange) as at the reporting date.

**CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

**14 EQUITY INVESTMENTS (CONTINUED)**

	EQUITIES – IN UNITS				EQUITIES - MARKET VALUES IN (TZS '000)				
2025	At 1 July	Additions	Disposals	At 30 June	At 1 July	Additions	Disposals	Fair value gain/ (loss)	At 30 June
Tanzania Breweries Limited	44,800	-	-	44,800	488,320	-	-	(18,816)	469,504
Twiga TPCC	45,300	-	-	45,300	185,730	-	-	40,770	226,500
Simba TCCL	24,800	-	24,800	-	42,656	-	(43,648)	992	-
SWISSPORT	90,000	-	-	90,000	90,000	-	-	45,000	135,000
NMB Bank Plc	65,000	-	-	65,000	338,000	-	-	102,700	440,700
CRDB Bank Plc	1,217,220	-	-	1,217,220	632,954	-	-	340,822	973,776
Vodacom Tanzania Limited	505,000	-	-	505,000	388,850	-	-	(141,400)	247,450
DCB Bank Plc	402,847	-	402,847	-	44,314	-	(50,355)	6,041	-
TCC	45,666	-	-	45,666	776,321	-	-	(15,525)	760,796
<b>Total</b>	<b>2,440,633</b>	<b>-</b>	<b>427,647</b>	<b>2,012,986</b>	<b>2,987,145</b>	<b>-</b>	<b>(94,003)</b>	<b>360,584</b>	<b>3,253,726</b>

  

2024	At 1 July	Additions	Disposals	At 30 June	At 1 July	Additions	Disposals	Fair value gain/ (loss)	At 30 June
Tanzania Breweries Limited	44,800	-	-	44,800	488,320	-	-	-	488,320
Twiga TPCC	45,300	-	-	45,300	181,200	-	-	4,530	185,730
Simba TCCL	24,800	-	-	24,800	44,640	-	-	(1,984)	42,656
SWISSPORT	90,000	-	-	90,000	135,000	-	-	(45,000)	90,000
NMB Bank Plc	65,000	-	-	65,000	226,200	-	-	111,800	338,000
CRDB Bank Plc	324,220	893,000	-	1,217,220	152,383	500,080	-	(19,509)	632,954
Vodacom Tanzania Limited	190,000	315,000	-	505,000	146,300	126,000	-	116,550	388,850
DCB Bank Plc	402,847	-	-	402,847	56,399	-	-	(12,085)	44,314
TCC	10,000	35,666	-	45,666	170,000	231,828	-	374,493	776,321
<b>Total</b>	<b>1,196,967</b>	<b>1,243,666</b>	<b>-</b>	<b>2,440,633</b>	<b>1,600,442</b>	<b>857,908</b>	<b>-</b>	<b>528,795</b>	<b>2,987,145</b>

**CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

**15 OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Receivable from sale of units	6,048	20,839
Dividend receivable	<u>31,868</u>	<u>21,172</u>
	<b><u>37,916</u></b>	<b><u>42,011</u></b>

**16 TAX PAYABLE**

*The movement in tax payable during the year is as follows:*

Opening balance	-	-
Expense for the year	45,772	15,532
Paid during the year	<u>(45,772)</u>	<u>(15,532)</u>
<b>Closing balance</b>	<b><u>-</u></b>	<b><u>-</u></b>

**17 OTHER LIABILITIES**

Re-purchases payable	21,601	44,627
Management fees payable	1,294	23,051
Service charges payable	5,776	4,897
Inter trust payable	173,511	103,548
Sundry creditors	<u>12,116</u>	<u>8,924</u>
	<b><u>214,298</u></b>	<b><u>185,047</u></b>

**18 UNIT HOLDERS' FUNDS**

**(i) The movement in unit holders' funds during the year is as follows:**

	<b>2025</b>	<b>2024</b>
	<b>Number in</b>	<b>Number in</b>
	<b>Units</b>	<b>Units</b>
Opening balance	28,523,046	18,509,000
Units sold during the year	14,591,345	11,337,082
Units repurchased during the year	<u>(2,286,282)</u>	<u>(1,323,036)</u>
<b>Units outstanding at the end of the year</b>	<b><u>40,828,109</u></b>	<b><u>28,523,046</u></b>
<b>Net asset value TZS '000'</b>	<b>31,502,825</b>	<b>18,998,367</b>
Net Asset Value per unit based on 40,828,109 units outstanding (2024 – 28,523,046 units) in TZS	771.60	666.07
Published Net Asset Value per unit in TZS	771.96	666.55

**(ii) Sale and repurchase of units**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Proceed from sales of units	10,492,136	7,114,943
Repurchases of units	<u>(1,637,689)</u>	<u>(838,606)</u>
<b>Net proceeds from sales of units</b>	<b><u>8,854,447</u></b>	<b><u>6,276,337</u></b>

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 19 RELATED PARTY TRANSACTIONS

##### Fund Manager

UTT AMIS, the Fund Manager, is a government sponsored institution that was established to implement the investment strategy as specified in the Offer Document and to provide administrative services. As per the Offer Document, the Fund Manager shall levy a service charge of 1% of the NAV to arrive at the unit repurchase price (if repurchase occur within 3 years from the date of investment) subject to a minimum of five hundred shillings per transaction and also management fees and other charged limited to 2.4% of the Net Asset Value.

The transactions during the year and balances as at 30 June 2024 for investment management fees and other charges as summarised below: -

	2025 TZS'000	2024 TZS'000
<b>(a) Management fees</b>		
Balance as 1 July	(23,051)	(13,002)
Charge for the year	(367,759)	(222,176)
Payment made during the year	389,516	212,127
<b>Balance as 30 June</b>	<b><u>(1,294)</u></b>	<b><u>(23,051)</u></b>
<b>(b) Service charges</b>		
Balance as 1 July	(4,897)	(1,849)
Charge for the year	(5,776)	(4,897)
Payment made during the year	4,897	1,849
<b>Balance as at 30 June</b>	<b><u>(5,776)</u></b>	<b><u>(4,897)</u></b>
<b>(c) Inter trust payable</b>		
UTT AMIS (Fund Manager)	170,282	124,331
	<b><u>170,282</u></b>	<b><u>124,331</u></b>

##### (d) Unit holding by key management personnel

There are no units held by senior employees and non-executive directors of the Fund Manager as at 30 June 2025 (2024: None).

#### 20 DETERMINATION OF FAIR VALUES

##### (a) Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instrument. For all other financial instruments, the Fund determines fair values using other valuation techniques.



## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 20 DETERMINATION OF FAIR VALUES (CONTINUED)

##### (a) Valuation models (Continued)

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than 1ctive; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

##### (b) Valuation framework

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs;
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- Review of unobservable inputs and valuation adjustments.

## CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)

#### 20 DETERMINATION OF FAIR VALUES (CONTINUED)

##### (b) Valuation framework (Continued)

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Standards. This includes:

- verifying that the broker or pricing service is approved by the Fund for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

##### (c) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3	Total
<b>(All figures in TZS'000)</b>				
<b>At 30 June 2025</b>				
Equity investments	3,253,726	-	-	3,253,726
	<u>3,253,726</u>	<u>-</u>	<u>-</u>	<u>3,253,726</u>
<b>At 30 June 2024</b>				
Equity investments	2,987,145	-	-	2,987,145
	<u>2,987,145</u>	<u>-</u>	<u>-</u>	<u>2,987,145</u>

For Level 1 financial instruments the fair value as at year end is based on the latest available redemption price of each share, multiplied by the number of shares held. The quoted prices of equities are obtained from Dar es Salaam Stock Exchange where the shares are traded.

##### (d) Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit and loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and, for the financial assets, high credit quality of counterparties.

Cash and cash equivalents, other receivables and other liabilities: these are short-term financial assets and their carrying amounts approximate fair value because of their short-term nature.

Treasury bonds: These are long term and are carried at amortised cost. Fair values of the treasury bonds are different from their amortised costs and are disclosed in the table below. Treasury bonds are categorised into Level 2 of the fair value hierarchy.

# **CHILDREN’S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

### **20. DETERMINATION OF FAIR VALUES (CONTINUED)**

#### **(d) Financial instruments not measured at fair value (continued)**

	<b>Fair value TZS'000</b>	<b>Carrying amount TZS'000</b>
<b>30 June 2025</b>		
<b>Assets</b>		
Cash and cash equivalents	146,936	146,936
Deposit with financial institutions	5,741,230	5,741,230
Government securities	22,642,542	22,537,315
Other receivables	37,916	37,916
<b>Total</b>	<b>28,568,624</b>	<b>28,463,397</b>
<b>Liabilities</b>		
Other liabilities	(214,298)	(214,298)
Net assets attributable to unit holders	(31,502,825)	(31,502,825)
<b>Total</b>	<b>(31,717,123)</b>	<b>(31,717,123)</b>
<b>30 June 2024</b>		
<b>Assets</b>		
Cash and cash equivalents	1,474,541	1,474,541
Government securities	15,188,356	14,679,717
Other receivables	42,011	42,011
<b>Total</b>	<b>16,704,908</b>	<b>16,196,269</b>
<b>Liabilities</b>		
Other liabilities	(185,047)	(185,047)
Net assets attributable to unit holders	(18,998,367)	(18,998,367)
<b>Total</b>	<b>(19,183,414)</b>	<b>(19,183,414)</b>

## **CHILDREN'S CAREER PLAN UNIT TRUST SCHEME (WATOTO FUND)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (CONTINUED)**

#### **21 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

##### **Key sources of estimation uncertainty**

**(a) Net Asset Value (NAV) Determination:**

The Fund's net asset value (NAV) per unit is calculated based on the fair value of the underlying portfolio and accrued income and expenses at the reporting date. Estimation is required for accrued interest income, management fees, and other operating expenses. The timing of recognition and valuation cut-off judgments can impact the reported NAV.

**(b) Redemption and Distribution Payables**

At the reporting date, the Fund may have outstanding redemption requests and income distributions payable to unit holders. The valuation of these payables requires estimation based on the NAV prevailing at or near the reporting date. Subsequent changes in market values between the reporting date and the settlement date could affect the final amounts paid.

#### **22 CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

The Directors of the Fund Managers confirm that the Fund has not contracted for any capital commitments and there were no contingent liabilities known to them at the reporting period date (2024: Nil).

#### **23 SUBSEQUENT EVENTS**

The Directors of the Fund Manager confirm that there are no events subsequent to the year-end up to the date of this report that require either disclosure or adjustment in these financial statements.